



Daily Report

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Daily Report

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CONTENTS

8 December 1992

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Reports on U.S. Preparations for Somalia Relief	1
White House: Troops Ready [XINHUA]	1
Cheney 'Hopeful' on Jan Withdrawal [XINHUA]	1
Operation Meeting Issues Statement [XINHUA]	1
New Zealand Offers More Troops [XINHUA]	2
Kuwait To Dispatch 'Symbolic Force' [XINHUA]	2
Ethiopia Supports Troop Deployment [XINHUA]	3
Pakistan To Send More Troops [XINHUA]	3
'Roundup' Discusses U.S. Mission to Somalia [Beijing International]	3
Bush Wants to Finish START II During Term [XINHUA]	5
Japan, Russia To Hold Talks on Northern Islands [XINHUA]	5
IPEC Experts Meeting Opens in Beijing [XINHUA]	5

United States & Canada

U.S. Senate Delegation Visits Lhasa 4-5 Dec [Lhasa TV]	6
Li Ruihuan Meets Businessmen From U.S. [XINHUA]	6
U.S. Oil Prospectors Start Tests of Lake [XINHUA]	6
XINHUA: Clinton To Name Treasury Secretary	7

Central Eurasia

Yeltsin Nominates Gaydar for Prime Minister [XINHUA]	7
Yeltsin Keeps Power To Appoint Cabinet Members [XINHUA]	7
XINHUA: Russia Seeks Expanded Arms Sales	8
Russian Communist Party Congress Opens [XINHUA]	8
Official: Ban on Ukrainian Communists Illegal [XINHUA]	8

Northeast Asia

ROK Deputy Prime Minister's Visit Reported	9
Meets Vice Premier Zou Jiahua [XINHUA]	9
Talks With Yang Shangkun [XINHUA]	9
ROK Women's Delegation Visits China	10
Meets NPC's Chen Muhua [XINHUA]	10
Sees Vice Premier Wu Xueqian [XINHUA]	10
Liaoning Notes Achievements at Seoul Trade Talks [LIAONING RIBAO 25 Nov]	10
Jilin Secretary Meets DPRK Provincial Group [JILIN RIBAO 18 Nov]	11
Shandong Vice Governor Visits Japan [Jinan Radio]	11

Southeast Asia & Pacific

Defense Minister Meets SRV Counterpart [XINHUA]	11
Improvement Seen in Sino-Vietnamese Relations [Hong Kong WEN WEI PO 5 Dec]	12
Li Tieying Meets Laotian Cultural Delegation [XINHUA]	13
Thailand, PRC Sign Accord on Business Data [XINHUA]	13
Joint Project Investment With Malaysia Increases [ZHONGGUO TONGXUN SHE]	13
Burmese Group Attends Boundary Meet in Beijing [XINHUA]	14

Sub-Saharan Africa

Ethiopian Foreign Minister Visits China	14
Meets Qian Qichen [XINHUA]	14
Talks With Jiang Zemin [XINHUA]	14
Economic Accord Signed [XINHUA]	15
Zambian President Praises 'Warm Relations' [XINHUA]	15

West Europe

Paper Criticizes French Mirage Sale to Taiwan [FAZHI RIBAO 2 Dec]	15
Commentary Attacks Sales [ZHONGGUO QINGNIAN BAO 1 Dec]	16
Portuguese Party Calls for Communist Confidence [XINHUA]	18

Latin America & Caribbean

Brazilian Paper Interviews Li Peng on Ties, Issues [Rio de Janeiro O GLOBO 29 Nov]	18
Friendship Association With Uruguay Established [XINHUA]	20
Cuban Visitors Interested in Sichuan's Reform [Chengdu Radio]	20

NATIONAL AFFAIRS

Political & Social

Zhu Rongji Presides at State Council Executive Meeting [XINHUA]	21
Yang Baibing 'Complains' to Deng About Generals [Hong Kong CHENG MING 1 Dec]	21
Former Minister Criticises Yang [Hong Kong THE STANDARD 8 Dec]	23
'Purge' Underway; Yang 'Under House Arrest' [Hong Kong MING PAO 8 Dec]	23
Correction to Item on Yang Baibing, Bodyguards	24
Jiang Zemin Said 'Challenged' at Party Congress [Hong Kong CHENG MING 1 Dec]	24
Leaders Attend 4 Dec Constitution Rally [XINHUA]	27
Qiao Shi Speech [XINHUA]	28
'Newsletter' on Compilation of CPC Documents [XINHUA]	33
Provincial, Ministerial Organ Reform Discussed [Hong Kong WEN WEI PO 20 Nov]	35
Daily Carries QIUSHI No 23 Table of Contents [RENMIN RIBAO 30 Nov]	36

Military

Deng, Jiang Stress Party Supremacy to Commission [Hong Kong CHENG MING 1 Dec]	36
Military Commission Leaders Visit Defense University [XINHUA]	37
Jiang Addresses Officers [XINHUA]	37
Birth Anniversary of Marshal Liu Bocheng Marked	37
Deng Writes Title of Biography [XINHUA]	37
Jiang Attends Seminar [XINHUA]	38
Chi Haotian Addresses Centennial [XINHUA]	38
General Logistics Department Head Stresses Honesty [XINHUA]	39
Jilin's He Zhukang Addresses Militia, Reserves Forum [Changchun Radio]	40
Xinjiang Military Figure on Army 'Historic Mission' [XINJIANG RIBAO 19 Nov]	40

Economic & Agricultural

Article on Economy's Response to GATT Entry [Hong Kong LIAOWANG OVERSEAS EDITION 16 Nov]	42
Impact of GATT on Machinery, Electronics Sectors [Hong Kong TA KUNG PAO 4 Dec]	46
Rule Encourages New 'Joint-Stock' Companies [XINHUA]	47
Regulations on Foreign-Funded Retailers Noted [Hong Kong CHING CHI TAO PAO 16 Nov]	47
Quality of Export Products 'Improving Rapidly' [XINHUA]	47
Government Accelerates Enterprise Autonomy [XINHUA]	48
More Say in Consumer Prices Given [RENMIN RIBAO 22 Nov]	49
11 Container Ships To Go Into Operation in 1993 [XINHUA]	50
Improved Sailors' Skills To Increase Earnings [CHINA DAILY (BUSINESS WEEKLY) 6 Dec]	50
New Agriculture Commission Reportedly Planned [Hong Kong CHING CHI TAO PAO 7 Dec] ...	50

Official Praises National Grain-Producing Centers [XINHUA]	51
Grain Purchasing Falls Victim to Fund Shortages [CHINA DAILY 8 Dec]	51

REGIONAL AFFAIRS

East Region

Anhui CPC Session Sets New Economic Targets [XINHUA]	54
Jiangsu Party Committee Adopts Resolutions [XINHUA RIBAO 21 Nov]	54
Shandong Governor Issues Financial Work Directives [Jinan Radio]	56
Shandong Secretary Reveals Economic Plan [CHINA DAILY 8 Dec]	56
'Advanced' Power Plants in Shanghai Operational [CHINA DAILY (BUSINESS WEEKLY) 6 Dec]	57

Central-South Region

Guangdong Secretary Discusses College Reform [Guangzhou Radio]	58
Hunan Secretary Addresses Advisory Commission [Changsha Radio]	58
Hunan Secretary, Governor Attend Plenary Session [Changsha Radio]	59

Southwest Region

Tibetan Notice Lists Cooperation Projects [Lhasa Radio]	60
Yunnan Secretary Urges Colleges To Serve Economy [Kunming Radio]	63

North Region

Hebei Economic Delegation Visits Europe [HEBEI RIBAO 28 Nov]	63
Hebei Secretary on Developing Market Economy [Shijiazhuang Radio]	64

Northeast Region

Harbin Discusses Various Plans To Boost Economy [Harbin Radio]	64
Jilin Secretary on Socialist Market Economy [JILIN RIBAO 17 Nov]	64
Liaoning Governor on Agriculture Development [LIAONING RIBAO 19 Nov]	66

Northwest Region

Qinghai Governor Praises Telecommunications Staff [Xining Radio]	72
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PRC MEDIA ON TAIWAN AFFAIRS

Arms Purchases 'Unfavorable' to Ties Development [RENMIN RIBAO OVERSEAS EDITION 7 Dec] ..	73
'Roundup' Notes Poor Support for Taiwan Independence [XINHUA]	73
Article Criticizes Taiwan's 'Unwise Acts' [Hong Kong WEN WEI PO 5 Dec]	74
Islands' Development of Ties With Mainland Urged [XINHUA]	75

TAIWAN

U.S. Trade Pact, Lowering of Barriers Supported [CHINA POST 4 Dec]	77
World Support for Hong Kong Reform Urged [CHINA POST 4 Dec]	77

HONG KONG & MACAO

Hong Kong

Commentary on U.S. Advocacy of 'Splitting China' [ZHONGGUO TONGXUN SHE]	78
PRC Plans 'Substantive Measures' for Stability [Hong Kong WEN WEI PO 8 Dec]	78
Sino-British Group Meeting Opens in 'Tense Mood' [AFP]	79
UK 'Lied' on Agenda [Hong Kong SOUTH CHINA MORNING POST 8 Dec]	79

Linkage With European Exchange Mechanism Rejected [ZHONGGUO TONGXUN SHE]	80
Journal Claims People 'Strongly Discontented' [Hong Kong TZU CHING 5 Dec]	81
XINHUA Commentary on Patten's 'Plot'	84
Journal Criticizes Governor's Actions [Hong Kong LIAOWANG OVERSEAS EDITION 30 Nov] .	85
Commentary Urges Government To Reduce Inflation [ZHONGGUO TONGXUN SHE]	87
Correction to Effects of Statement on Contracts	88
XINHUA Correction to Liaison Group To Meet	88

General

Reports on U.S. Preparations for Somalia Relief

White House: Troops Ready

OW0812035592 Beijing XINHUA in English 2155
GMT 7 Dec 92

[Text] Washington, December 7 (XINHUA)—U.S. troops are prepared to move into Somalia for the military relief operations in that war-torn country, the White House and Pentagon officials said today.

Marlin Fitzwater, spokesman of the White House, said 28,000 U.S. troops "are moving into position," although most have not yet left the United States.

"The bulk of the troops on the mainland will depart," he said. "We will leave a force in the ocean."

And a Pentagon official said the first contingent of U.S. Marines would land in Somalia at dawn on Wednesday. Some 1,800 U.S. Marines have been aboard three U.S. amphibious ships—the Tripoli, Juneau, and Rushmore—off the Somalia coast since last week.

In preparation for the landing, two U.S. F-14 fighters from the aircraft carrier "Ranger," which is steaming from the Gulf with 60 combat planes to the Somalia coast, flew reconnaissance flights today over Somalia capital of Mogadishu.

Meanwhile, U.S. Ambassador-at-Large Robert Oakley and Marine Corps Brig. Gen. Frank Libutti were meeting today in Mogadishu with Somali clan leaders to brief them on what the U.S. troops would do after landing, Fitzwater said.

Ambassador Oakley discussed "our support for the U.N. mission, our role in the U.N. force, ways to improve security in the region and the coordination of relief efforts," he said.

He emphasized that the role of the U.S. troops was to get the food through and prevent starvation, not to shape a new government for Somalia.

At the State Department, Acting Spokesman Richard Boucher said the ambassador, called out of retirement for the sensitive job, carried word that U.S. troops were on a mission of peace not confrontation.

While visiting Chicago, U.S. President-elect Bill Clinton was asked about the Somalia operation, Clinton said "President Bush is in charge of this mission. Let's let the mission be carried out. We can talk about it later."

Fitzwater also said President Bush hoped to withdraw the bulk of the U.S. troops and turn over the policing of the massive humanitarian aid effort to U.N. peace-keeping forces before he leaves the White House on January 20.

Cheney 'Hopeful' on Jan Withdrawal

OW0612235592 Beijing XINHUA in English 2342
GMT 6 Dec 92

[Text] Washington, December 6 (XINHUA)—U.S. Defense Secretary Richard Cheney said today he was hopeful that the U.S. troops may withdraw from Somalia by mid-January.

In an interview with NBC-TV's "Meet The Press" program, Cheney said U.S. President George Bush hoped that U.S. troops could go in quickly to establish supply routes and then turn over peacekeeping operations to the United Nations.

"Our mission is very precise... to restore conditions so that humanitarian efforts can go forward, then to (withdraw and) turn over responsibility to U.N. forces," said Cheney.

He said he was hopeful that some U.S. troops could begin withdrawing by inauguration day of January 20, while again cautioning against setting an "artificial deadline."

U.S. troops might round up and disarm the warring Somali gunmen who block the delivery of aid to the starving, he said.

The secretary also said the U.S. operation in Somalia could cost as high as 400 million dollars. "I don't know exactly how much it will cost," he said. "I guess it is going to run us 300 or 400 million dollars."

U.S. Marines are to arrive in the African nation this week, as early as Tuesday or Wednesday, secure airfields and other areas and clear the way for additional U.S. forces of up to 28,000 soldiers.

Brent Scowcroft, U.S. National Security Adviser, also said today he felt U.S. troops could accomplish their objections relatively soon.

In an interview with CBS-TV's "Face The Nation" program, Scowcroft said "I think it is a matter of weeks rather than a matter of months... it should be a fairly smooth operation."

U.S. Acting Secretary of State Lawrence Eagleburger predicted today that the U.S. forces could achieve their goals with "relatively few costs and could in fact make a big difference and get out quickly."

Operation Meeting Issues Statement

OW0612005892 Beijing XINHUA in English 2259
GMT 5 Dec 92

[Text] Addis Ababa, December 5 (XINHUA)—The second coordinating meeting on humanitarian aid to Somalia concluded here today after issuing a statement highly appreciating the U.N.-authorized deployment of U.S.-led multinational forces in Somalia to protect relief operations in the famine-stricken Horn of Africa state.

The three-day meeting, a follow-up to the Geneva meeting on humanitarian aid to Somalia in October, took place when millions of Somalis, the poorest in particular, had been plunged into starvation and millions more may die if urgent assistance is not ensured.

International relief operations in Somalia have been seriously handicapped due to non-stop fighting between warlords and continuous banditry across the country where anarchy has taken the upper hand.

Participants at the meeting agreed that the deployment of protection forces is important for ensuring the unimpeded delivery of humanitarian aid to the needy because security is a vital prerequisite for any meaningful delivery of assistance to Somalia, the statement said.

It said the participants recommended that the forces should focus on protection of key installations and gateways to Somalia, including ports, airports, and overland routes, as well as the delivery process and the free movement of international and national relief workers.

The participants also held that the humanitarian forces should remain until their mission is accomplished, the statement added.

According to the statement, the participants believed that the "key to the eventual recovery of Somalia is the return to the rule of law, order and stability. In this respect the reduction of arms, particularly the 'technical' and other heavy weaponry, is fundamental."

The Somali community leaders who attended the conference have given their firm commitment to collaborating with the U.N. in the disarmament process, the statement said.

It said the Somali participants proposed that demobilization of the armed groups in Somalia be started so as to restore peace in the country, and the meeting endorsed the proposal.

The statement stressed that the Somalia relief programs, adopted at the Geneva meeting, should be followed by recovery and ultimately rehabilitation and development efforts as political groups in the strife-torn country move towards peace and national reconciliation.

The Somali participants welcomed the deployment of the humanitarian protection forces and called for an immediate cease-fire in all parts of the country.

In addition, they proposed the convening of a conference on national reconciliation under the U.N. auspices in cooperation with the Organization of African Unity, the Standing Committee of the Horn of Africa, the League of Arab States, and the Organization of Islamic Conference, the statement added.

Layashi Yaker, U.N. under secretary-general and executive secretary of the Economic Commission for Africa (ECA), assured in his closing remarks that the ECA will

cooperate with other international organizations concerned to prepare a comprehensive rehabilitation and reconstruction plan for Somalia.

Speaking on behalf of nine Somali political organizations, General Mohamed Musa Abshir, chairman of the Somali Salvation Democratic Front, said that "we the Somali people want peace to prevail in Somalia and have seen enough of the tragedy of the civil war, we want to regain our respect."

He expressed the commitment of the Somali people in general and the political groups in particular to collaborate with donor agencies in facilitating and implementing the humanitarian assistance program in Somalia.

The just-concluded meeting, which opened on Thursday at the Addis Ababa-based headquarters of the U.N. Economic Commission for Africa, was attended by representatives from nine political groups, 12 community leaders and 18 non-governmental organizations in Somalia as well as delegates from 60 countries and regional and U.N. agencies and organizations.

New Zealand Offers More Troops

OW0712080992 Beijing XINHUA in English 0746 GMT 7 Dec 92

[Text] Wellington, December 7 (XINHUA)—New Zealand [NZ] Government has decided to offer more military personnel to United Nations' Somali military operation for human relief.

The decision was made at a cabinet meeting today. Prime Minister Jim Bolger at a press conference said that details related to the offer including specific number would be considered shortly by the Minister of Defense Warren Cooper in consultation with the United Nations Security Council.

The sending of more NZ soldiers to Somalia was requested by the United Nations Security Council late last week following UN Security Council's decision to approve the peacemaking operation.

The NZ Government decided in October to offer 28 army personnel for the operation with an advance party of six soldiers already stationing on the Kenyan border. In addition, some three million NZ dollars (1.6 million U.S. dollars) have been donated to Somalia from the private sector and the government.

Kuwait To Dispatch 'Symbolic Force'

OW0712111592 Beijing XINHUA in English 1058 GMT 7 Dec 92

[Text] Kuwait City, December 7 (XINHUA)—Kuwait has decided to send a symbolic force to join the UN troops charged with securing relief supplies to Somalia.

At its weekly meeting Sunday, the Kuwaiti cabinet decided to send troops to help secure humanitarian aid to the Somali people, the Kuwaiti newspaper "AL-ANBAA" reported today.

The cabinet praised the United Nations for making efforts to tackle humanitarian issues and establish international peace and security, according to the paper.

Second Deputy Prime Minister Dhari al-Uthman was quoted as saying that the Foreign Ministry will start immediate contacts with the UN to enter Kuwait on the list of the states providing troops to ensure relief supplies to the Somalis.

The number of the force and the date of its departure have not been decided, Othman said, adding that Kuwait would get the force ready within the coming few days.

Clans battling in Somalia since the ousting of President Siad Barre in January 1991 plus a famine have caused 300,000 people to die and put millions at the risk of starvation in the Horn of Africa country.

The United States plans to send a 28,000-strong force to Somalia, while France reportedly is sending 2,000 soldiers and Canada 900. Egypt offered to contribute 300-600.

Ethiopia Supports Troop Deployment

OW0612005692 Beijing XINHUA in English 2303
GMT 5 Dec 92

[Text] Addis Ababa, December 5 (XINHUA)—The Ethiopian transitional government said here today that it supports the deployment of humanitarian protection forces in Somalia and will facilitate their efforts by allowing them overflight and landing rights.

The statement was issued by the office of the president following a decision made by the U.N. Security Council on Thursday to deploy military forces in Somalia.

"The transitional government's support to the deployment of foreign troops is based on the firm belief that humanitarian intervention is essential for the provision of immediate assistance to the affected people in Somalia," the statement said.

All parties, movements, factions and community and traditional leaders have agreed that "the intervention should take place in the best interest of the Somali people," it added.

While expressing its whole-hearted support to the U.N. efforts, the Ethiopian Government stressed that it strongly opposes deployment of troops from countries that are perceived to have sided with one or the other of the Somali factions or whose presence in Somali could jeopardize the security of any country in the sub-region of Africa.

The Ethiopian Government calls on all concerned to help ensure that such deployment does not take place, the statement added.

Meanwhile, at the closing session of the second coordinating meeting on humanitarian aid to Somalia today, the Ethiopian and Kenyan representatives stated respectively that their countries will not allow any armed groups to enter their territories. They also reminded the agencies concerned to prevent such events.

Pakistan To Send More Troops

OW0512043192 Beijing XINHUA in English 0347
GMT 5 Dec 92

[Text] Islamabad, December 5 (XINHUA)—Pakistan has promised to send more troops to Somalia on the request of U.S. President George Bush, official sources said today.

Pakistan Prime Minister Nawaz Sharif told Bush on telephone that Pakistan would be glad to send an additional army contingent to Somalia since the peace-keeping operation was being conducted by the U.N. and was approved by a Security Council resolution.

A 500-man Pakistan infantry battalion is already in Mogadishu, capital of Somalia, to help protect U.N. relief supplies for the nation's starving people.

President Bush thanked Pakistan for being the only country to have sent an army contingent to assist the U.N. in its relief operations in Somalia, according to the sources.

Bush said other countries should join Pakistan in the operations so that relief aid could reach the starving people.

Some 1,800 U.S. Marines reached Somalia aboard an amphibious assault ship "Tripoli," waiting for orders to land. France has also promised to send about 200 troops to Somalia.

During the telephone talk, Nawaz Sharif also informed Bush about the developments in India-Pakistan relations, the sources said.

Sharif invited Bush to visit Pakistan in 1993 as his personal guest.

'Roundup' Discusses U.S. Mission to Somalia

OW0612144092 Beijing China Radio International in Mandarin to Asia 0900 GMT 6 Dec 92

["Roundup" by station correspondents (Jie Qiao) and (Ding Bangying) from Nairobi; date not given—from the "Report on Current Events" program]

[Text] We now bring you a roundup sent by our correspondents (Jie Qiao) in Washington and (Ding Bangying) in Nairobi, entitled "The United States Will Send

Troops to Somalia To Take Part in the Protection of International Relief Operations."

U.S. President Bush made a televised address to the nation on 4 December, and announced that he had ordered U.S. Defense Secretary Cheney to send troops to Somalia to ensure the safe delivery of international relief materials to Somali refugees suffering from famine and disease. On the same day, the chairman of the Joint Chiefs of Staff, General Powell, also announced that the United States plans to send a force of around 23,150 men to take part in international relief operations undertaken by the United Nations in Somalia. This will be the largest overseas military operation undertaken by the United States since the end of the Gulf War last year.

According to a news briefing on 4 December by U.S. Defense Secretary Cheney, the first group of Marines will land in Somalia early next week. They plan to set up bases in the Somali capital, Mogadishu, and to take control of facilities in all major Somali ports and airports.

It has been learned that a U.S. task force, comprising two amphibious warships and 1,800 Marines, has arrived in waters near the Somali capital, Mogadishu, and is presently cruising in international waters off the Somali coast. Another Marine logistic supply ship is sailing across the Indian Ocean, heading toward Somalia.

The First Marine Expeditionary Force, the 10th Mountain Division, and other U.S. units will follow to join the first group of amphibious Marine units in the Somali relief operation.

In his 4 December televised address, President Bush indicated that the objective of U.S. troops is limited, chiefly to open up the supply lines and to pave the way for the future deployment of UN peacekeeping troops. He stressed that the U.S. operation will not be for an indefinite period and expressed the hope that ten and more countries will send troops to join in the U.S. military operation. He added that once the distribution of relief materials returns to normal, the U.S. troops will immediately withdraw and UN peacekeeping troops will take over.

Some U.S. experts in international affairs held that Bush's remarks indicate that the U.S. Forces will try their best to avoid direct clashes with the various armed factions in the civil war so as to avoid getting caught in the quagmire and being unable to extricate themselves.

However, some experts have doubted the extent of the role which can be played through these activities. What they are concerned about is that although some factions in the Somali civil war will not dare to engage in a frontal clash with the multinational force, it is possible that they will resort to passive and noncooperative action, or indirect harassment. In fact, more than 80 percent of current international relief materials have been robbed by scattered armed personnel. More importantly, in the future it is possible that the situation in

Somalia will return to its former state once American troops withdraw. Therefore, experts hold that the international organization must play a greater role in helping the factions in Somalia end the conflict and restore normal political order to that country, instead of limiting its role to just providing relief materials. Of course, if this course of action is taken, it is possible that foreign troops may get involved in Somalia's internal strife.

The United States dispatched troops to Somalia in accordance with a United Nations Security Council resolution adopted on 3 December. UN Secretary General Ghali said on 4 December that the military action against Somalia was a new, important step taken by the United Nations to resolve the crisis in that country. He said that the major mission of the UN military action is to protect the safety of international aid activities and also to guide the conflicting factions in Somalia to take the path of national reconciliation.

After his talks with German Chancellor Kohl in Bonn, French President Mitterrand said on the same day that France and Germany will give essential support to the UN military action in Somalia. As of now, France, Belgium, Italy, Kenya, Nigeria, Egypt, and Zimbabwe have indicated that they are prepared to send troops to participate in the UN mission to protect international aid activities in Somalia. However, the British Government has indicated that it will not send troops to Somalia.

The UN military action was also welcomed by the two major conflicting sides in Somalia. Interim President Ali Mahdi Mohamed said that the provisional government had long hoped that the United Nations would send troops to Somalia. The Somalia National Alliance, which has always opposed external military intervention, has also indicated that it welcomed the dispatch of troops by the United States, and also indicated that it was ready to cooperate with the United States.

Chinese Permanent Ambassador to the United Nations Li Daoyu on 3 December voted for the UN Security Council resolution to dispatch a multinational force to Somalia. He stressed that China supports ways to seek a solution to the Somali crisis within the scope of the United Nations. However, he expressed concern about the unfavorable impact which might be brought to the collective role of the United Nations through authorizing some countries to take military action. Some international aid organizations have also expressed doubt about the UN military action, maintaining that sending troops to Somalia is not a means for achieving peace and security. While they have indicated that they welcome the UN troops, many ordinary people in Mogadishu have expressed uneasiness.

Representatives attending the international conference on aid for Somalia, held in Addis Ababa, have also held different views on the UN military action. OAU Secretary General (Salim) indicated that he supports military

action by the United Nations. At the same time, he stressed that a final and thorough solution to the Somalia crisis would depend on the efforts of the Somali people.

As for the development and effectiveness of the UN military action, one can only wait and see.

Bush Wants to Finish START II During Term

OW0812053492 Beijing XINHUA in English 0452
GMT 8 Dec 92

[Text] Washington, December 7 (XINHUA)—U.S. President George Bush and his team are "working vigorously" for completion of the strategic arms reduction pact with Russia (START II), before he leaves office in mid-January.

A considerable amount of work is going on behind the scenes on the START treaty, White House Spokesman Marlin Fitzwater said Monday.

Fitzwater dismissed reports that Bush was going to meet Russian President Boris Yeltsin in Alaska this month, saying no meeting between the two had been scheduled.

The START II accord, which was agreed upon by Bush and Yeltsin in mid-June in Washington, would cut U.S. and Russian nuclear arsenals from more than 11,000 long-range warheads on each side to fewer than 3,500 each.

It also would commit both nuclear powers to eliminating missiles that carry multiple warheads.

Bush had sent Yeltsin "at least a couple of letters on various details of the start proposals," and discussed the treaty over the phone with Moscow on Sunday, Fitzwater said.

According to a report in Friday's LOS ANGELES TIMES, Russian negotiators want to change some multiple-warhead SS-19 missiles into single-warhead missiles by removing all but one warhead, an arrangement rejected by Washington.

The Russians also want to retain silos used for storage of SS-18 missiles after the missiles are destroyed. Washington and Moscow appear to be moving toward a compromise, the report said.

In addition, Moscow is seeking explicit reaffirmation of the 1972 Anti-Ballistic Missile Treaty, which restricts each country's ability to deploy weapons to defend against incoming nuclear missiles. Washington reportedly has agreed to this request.

Japan, Russia To Hold Talks on Northern Islands

OW0812090292 Beijing XINHUA in English 0827
GMT 8 Dec 92

[Text] Tokyo, December 8 (XINHUA)—Japan and Russia will hold talks at the vice-ministerial level in

Moscow on December 16 to discuss the disputed islands off Japan's northernmost Hokkaido, Foreign Minister Michio Watanabe said today.

Japanese Deputy Foreign Minister Kunihiko Saito and his Russian counterpart Georgiy Kunadze will represent their respective countries to discuss the issue of four Russian-held islands claimed by Japan, Watanabe told a press conference.

It will be the first working talks between the two countries since Russian President Boris Yeltsin postponed his visit to Japan in September.

IPEC Experts Meeting Opens in Beijing

OW0712142892 Beijing XINHUA in English 1246
GMT 7 Dec 92

[Text] Beijing, December 7 (XINHUA)—The experts meeting of Independent Petroleum-Exporting Countries (IPEC) opened today in Beijing, with over 20 experts from 13 IPEC member countries and regions participating.

The delegates will give an account of the present conditions of the petroleum industry in their own countries, study environmental problems and their impact on oil producing countries, exchange ideas on the international oil market and prices, and probe into the common policies of IPEC and OPEC.

Dr. Subroto, secretary-general of OPEC, made a special trip to the meeting and is expected to make a speech on the international oil market.

IPEC is a non-permanent organization set up in 1988 to promote the stability of international oil prices. At present it has 13 members: China, Angola, Colombia, Egypt, Malaysia, Mexico, Norway, Oman, Russia, Yemen, the province of Alberta in Canada, and the states of Texas and Alaska in the United States. The daily crude oil output of IPEC countries and regions totals 28 million barrels.

A spokeswoman for China's petroleum industry said that, as a member of IPEC, China has been making contributions to the stability of international oil prices. Since 1986 it has cut its oil exports year by year—to 161 million bbl [barrels] in 1991 from 224 million barrels in 1985, and further to 133 million bbl in the first nine months of this year, she said. On the other hand, its oil imports have increased at a great rate.

The meeting is sponsored by the China National Chemicals Import and Export Corporation (Sinochem). Zheng Dunxun, president of Sinochem, said that the stability of oil prices benefits both producers and consumers. As one of the world's major oil producers, China has long been actively participating in IPEC activities. He said he believed that the meeting will have a favorable impact on price stability in the international oil market.

The meeting will close tomorrow afternoon.

United States & Canada

U.S. Senate Delegation Visits Lhasa 4-5 Dec

OW0612055792 Lhasa Tibet Television Network in Mandarin 1200 GMT 5 Dec 92

[Video report by network correspondents Fu Jihong and Chen Dong; from the "Tibet News" program]

[Text] Headed by Claiborne Pell and Carl Levin, Democratic Party senators and respectively chairman of the Senate Foreign Relations Committee and member of the Senate Armed Services Committee, some members of a U.S. Senate delegation visited Lhasa 4 to 5 December. [video shows passenger plane landing at a snow-covered airport and some American visitors being greeted by Tibetan officials at the airport]

When members of the delegation arrived at Lhasa's Gongga Airport on the morning of 4 December, they were greeted by Puqung, vice chairman of the Tibet Regional Government; Zeren Sangzhu, secretary general of the regional government; and leading comrades of departments concerned in Tibet. [video shows Puqung and other Tibetan officials greeting Pell, Levin, and other American senators, and having a group photograph taken in front of the plane]

Pell and his party then visited Lhasa's famous temples—the Zhebung, Jokhang, and Zhaxi Lhunbo—and took a walk on Bargar Street. They also had a group photograph taken in front of the Cultural Palace of Working People in Lhasa. [video shows medium close-ups of some Tibetan lamas welcoming the American visitors by putting white silk scarves around their necks. Then the video cuts to show Pell, Levin, and three other Americans having a group photograph taken with a Tibetan lama in front of a temple; close-ups of an American senator taking photographs on the famous Bargar Street; and a group picture of American senators in front of Lhasa's Potala Palace]

On the evening of 4 December, Raidi, chairman of the Tibet Regional Committee of the Chinese People's Political Consultative Conference [CPPCC], had a cordial meeting with Pell at Lhasa's Holiday Inn. Raidi welcomed Pell and his party, briefed the American visitors on Tibet's economic and social development, and answered their questions [video shows Raidi greeting Pell and the American senators; camera then pans a room with typical Tibetan characteristics to show the presence of American senators and Tibetan officials while Raidi talks with Pell through an interpreter]

Puqung, Zeren Sangzhu, and leading comrades of the foreign affairs office of the regional government and Lhasa, as well as Qiu Shengyun, deputy secretary general of the Chinese People's Institute of Foreign Affairs, were present at the meeting [video shows Raidi helping Pell and Levin put on fur-lined Tibetan caps, and Raidi presenting Pell with a small gift]

Then, Raidi hosted a banquet in honor of Pell and his party.

Claiborne Pell and Carl Levin made separate statements to this network at our request [video shows close-ups of Pell and Levin talking inside a tourist bus]

Pell said: Tibet is a beautiful place. It has been one of my greatest wishes to visit Tibet. We feel from our visit that Tibet is actually opening itself to the outside world.

Carl Levin said: Tibet is really a beautiful place. The people here are highly spirited. Tibet should let more people in the world understand its development and changes.

Li Ruihuan Meets Businessmen From U.S.

OW0512131192 Beijing XINHUA in English 1259 GMT 5 Dec 92

[Text] Beijing, December 5 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met with Dr. Irving T. Ho, a noted businessman and chief advisor to the Yat Sen Industrial Park Company Ltd in the United States and his party here this evening.

During the meeting Li expressed approval of the projected science park in Tianjin, saying that it is a good plan with fine prospects.

Ho and his party are in China as guests of Tianjin Mayor Nie Bichu.

U.S. Oil Prospectors Start Tests of Lake

OW0812101592 Beijing XINHUA in English 0959 GMT 8 Dec 92

[Text] Nanchang, December 8 (XINHUA)—China and the United States have started seismic prospecting with the aim of tapping oil reserves in Poyang Lake in east China's Jiangxi Province.

Chinese and American oil prospecting workers hope to determine the best spots for test drilling in the lake with the aid of advanced equipment and prospecting methods.

The agreement for joint oil prospecting was first signed in October last year. According to the agreement, the oil prospecting work would be jointly carried out by China Oil Development Corporation and the Energy Development Corporation of the United States. The American side will cover all risk funds needed in the prospecting.

American oil experts believe that the geological structure of Poyang Lake is similar to that of oil-yielding structures in Texas of the [United] States. Though risks exist, the American side has high hopes of working closely with Chinese counterparts to find oil-bearing areas.

XINHUA: Clinton To Name Treasury Secretary
*OW0712074592 Beijing XINHUA in English 0611
GMT 7 Dec 92*

[Text] Washington, December 6 (XINHUA)—U.S. President-elect Bill Clinton has picked Senator Lloyd Bentsen, a steady hand on the nation's economic levers, as his treasury secretary, widespread news reports today quoted Clinton's advisers as saying.

Clinton's advisers told THE NEW YORK TIMES the president-elect is expected to announce his choice Wednesday or Thursday after returning to Little Rock, Arkansas, from a two-day trip to Chicago and Washington.

Bentsen, Democratic candidate for vice-presidency in 1988 and chairman of the Senate Finance Committee since 1987, is seen by Clinton's advisers as a treasury secretary choice with the political and economic stature to speak for the administration on economic policy both at home and abroad, THE WASHINGTON POST said.

"He's got stature," the POST quoted a top aide of Clinton as saying. "He's got years of expertise. He has standing with Congress. He knows the issues."

Bentsen is also regarded by Clinton's aides as a skillful legislator who can help guide the administration's economic package through Congress, the post said.

"He, like Clinton, supports growth and fairness," Clinton's aide said.

But the 71 year old senator is more sensitive to the need for deficit reduction and more conservative than most other Democratic lawmakers.

As chairman of the Senate Finance Committee, he has supported tax breaks for real estate interests and oil and gas producers and advocated more favorable tax treatment of savings by affluent taxpayers.

THE DALLAS MORNING NEWS Saturday quoted sources as saying that Bentsen and Clinton were already discussing who should head key economic institutions, including the Council of Economic Advisers, the Office of Management and Budget, and the proposed economic security council.

Clinton's transition officials said the President-elect is also expected to name other key members of his economic team Wednesday, pending on the completion of background checks.

Reports say Leon Panetta, chairman of the House Budget Committee, is likely to be appointed budget director, but Alice Rivlin, former director of Congressional Budget Office, is also a strong contender for the post.

Robert Rubin, a major Democratic fund-raiser, is a leading candidate for the economic security council—a

White House office Clinton intends to set up to parallel the National Security Council, which helps the president to make foreign policy.

Robert Reich, a Harvard economist and now director of the economic policy transition team, is another possibility for that post. But he may be appointed to chair the Council of Economic Advisers.

Roger Altman, Clinton's college friend and a Wall Street investment banker, is expected to be named deputy treasury secretary.

Central Eurasia

Yeltsin Nominates Gaydar for Prime Minister
*OW0812111792 Beijing XINHUA in English 1049
GMT 8 Dec 92*

[Text] Moscow, December 8 (XINHUA)—Russian President Boris Yeltsin nominated Yegor Gaydar for the post of prime minister today, ITAR-TASS reported.

Before putting Gaydar's name before the Congress of People's Deputies, Yeltsin held talks with parliamentary leaders and demanded they endorse his nominee.

The congress originally planned to discuss the problem of law and order in the country, and to adopt a decision on the progress of work on the draft of Russia's new constitution.

The majority in the 1,041-member congress wanted to slow Russia's painful transition to a market economy, which is turning millions of people into paupers and breaking the country's industrial strength.

However, the most heated in previous days was the debate on who is to determine the composition of the new government—the president or the parliament, and who will be the prime minister—Yegor Gaydar or some other figures.

Yeltsin Keeps Power To Appoint Cabinet Members

*OW0612023892 Beijing XINHUA in English 0226
GMT 6 Dec 92*

[Text] Moscow, December 6 (XINHUA)—President Boris Yeltsin Saturday narrowly kept the power to approve and fire key cabinet members after the parliament failed to adopt a constitutional amendment that would take away his appointment power.

At Saturday's meeting, 989 deputies cast their vote on the proposed constitutional amendment giving legislators the power to approve and fire key cabinet members. But official results of the secret vote showed it received 690 votes in favor, but four short of the two-thirds total of 694 necessary to change the constitution.

The outcome of the voting allows Yeltsin to keep the power to name deputy prime minister and other key cabinet ministers and approve the formation, organization and elimination of government ministries. It will also enable him to carry out his economic program.

At the Seventh Congress of People's Deputies, which started on December 1, some deputies had proposed several new amendments to strip the power of the president.

Confronting the threat, Yeltsin told the meeting Friday, "I'm convinced the passage of these amendments will do direct damage to Russia, disorganize the work of transforming the country and destabilize the situation."

Yeltsin's aides also warned that if the president lost, he might call a referendum to disband the congress or hold new elections.

Political analysts said that Yeltsin's appeal and his aides' warning had positive effect on Saturday's secret voting.

After the voting, cabinet members described the parliament's failure to adopt the amendment as a victory for the government.

But parliamentary speaker Ruslan Khasbulatov said that he was quite satisfied with the results of the meeting.

He told ITAR-TASS that "deputies did not experience pressure, and as a result the Supreme Soviet preserved the right to supervise the performance of ministries and departments."

At Saturday's meeting, three amendments on the constitution on the relationship between executive and legislative bodies of power were passed by a secret ballot.

However, a fierce battle is predicted for Monday when the parliament will discuss the candidate for the prime minister.

XINHUA: Russia Seeks Expanded Arms Sales

*OW0512014992 Beijing XINHUA in English 0131
GMT 5 Dec 92*

[Text] Moscow, December 4 (XINHUA)—Russian Foreign Economic Relations Minister Petr Aven said today that Russia would try to expand its arms sales to Asia.

Aven said that Russia had signed a treaty with Malaysia on selling 30 MiG-29 fighters, INTERFAX news agency reported.

His country was also trying to sell advanced weapons to South Korea, among which were C-300 air defence weaponry system, SU-25 attack planes, SU-27 intercepts and other weapons, he said.

In addition, Aven was quoted as saying that Russia had sold Iran three submarines worth 1.2 billion U.S. dollars and was striving to strengthen that important market.

Negotiations between Russia and the United Arab Emirates on a sale of modern weapon equipment had been under way, he said.

Russian Communist Party Congress Opens

*OW0612010192 Beijing XINHUA in English 0046
GMT 6 Dec 92*

[Text] Moscow, December 5 (XINHUA)—The first Russian Communist Party congress opened here today to adopt the party's constitution and elect the party's leadership.

The meeting, which has brought together over 200 delegates across the nation, said that the party will get all progressive forces united to change the direction of the present political system of the state into socialism.

It will unite with all communist organizations in the country and rebuild a unified nation, the meeting said.

The party vowed to seize the political power by peaceful and constitutional means.

The Russian Communist Workers' Party also held its congress today with the attendance of 277 delegates. The congress discussed the party's constitution, its task and strategies.

Official: Ban on Ukrainian Communists Illegal

*OW0512022692 Beijing XINHUA in English 0148
GMT 5 Dec 92*

[Text] Kiev, December 4 (XINHUA)—A Ukrainian parliament official, Aleksandr Kosyuba, said today the ban on the Ukrainian Communist Party (UCP) is illegal and was an act of political adventurism.

Kosyuba, chairman of the Legal Permanent Committee of the Ukrainian Supreme Soviet, made the remark when he was meeting representatives of the organization of "striving to lift the ban on the UCP."

He stressed that one should not judge a party in terms of political beliefs, but should judge a party by its actions. The UCP did nothing illegal during the "August 19 incident" in 1991, he added.

During the meeting, Mykola Shulha, chairman of the State Sovereignty Permanent Committee of the Ukrainian Supreme Soviet, echoed Kosyuba's view.

The presidium of the Ukrainian Supreme Soviet had issued the ban on UCP activities on August 30 of last year.

Northeast Asia

ROK Deputy Prime Minister's Visit Reported

Meets Vice Premier Zou Jiahua

OW0712084892 Beijing XINHUA in English 0826
GMT 7 Dec 92

[Text] Beijing, December 7 (XINHUA)—Chinese Vice-Premier Zou Jiahua and visiting deputy prime minister of the Republic of Korea (ROK), Choe Kak-kyu, discussed bilateral economic and technological cooperation during their talks here this morning.

Choe, also minister of economic planning, arrived here yesterday as Zou's guest.

During the talks Choe showed great interest in the expansion of bilateral economic cooperation. He began to work at the Ministry of Economic Planning in the early 1960s and later served at posts in the ministries of Finance, Economic Planning, Agriculture, Forestry and Fishery as well as Commerce and Industry.

He said after president No Tae-u's China visit, the entrepreneurs of the ROK have paid greater attention to China's economic growth and expressed their willingness to cooperate with their Chinese counterparts in many areas.

Choe noted that the two countries have signed an agreement on investment protection and the work of signing another agreement on the avoidance of dual taxation is under discussion.

He expressed the hope that the two sides will reach an agreement on the issues of aviation and naval transportation.

He urged the two governments to make common efforts to create a better environment for cooperation between the entrepreneurs of the two countries.

Choe said the ROK Government to send a delegation composed of non-governmental personages and government officials to visit China at the beginning of next year so as to further promote bilateral economic and technological cooperation. [sentence as received]

Zou, also minister in charge of the State Planning Commission, expressed his appreciation of Choe's suggestions, stressing that to develop bilateral relations is not only in the interests of the two peoples but also conducive to safeguarding peace and stability in Asia, particularly in Northeast Asia.

He noted that President No Tae-u's China visit has pushed forward bilateral friendly relations and cooperation.

He said the economies of the two countries are mutually supplementary. It will be beneficial to the growth of the two countries to combine their respective countries' advantages.

Zou said the two countries differ in ideology and social systems, but it will not prevent them from undertaking bilateral economic and technological cooperation.

He said he was pleased to note the progress in bilateral cooperation in trade and investment.

Choe disclosed that the volume of bilateral trade is expected to rise to 10 billion U.S. dollars this year. The ROK has invested in more than 300 projects in China.

He expressed the belief that with common efforts, cooperation in these fields will be further developed next year.

During the two-hour-odd talks, the two vice-premiers also briefed each other on their respective countries' economic development.

Talks With Yang Shangkun

OW0812100492 Beijing XINHUA in English 0945
GMT 8 Dec 92

[Text] Beijing, December 8 (XINHUA)—Chinese President Yang Shangkun said today that both China and the Republic of Korea (ROK) have their own strong points and it will benefit both countries to strengthen their economic and technological cooperation.

In a meeting with visiting ROK Deputy Prime Minister Choe Kak-kyu and his party, Yang added that the bilateral cooperation has broad prospects.

The Chinese president said that China-ROK friendly cooperation will also benefit peace and stability in Asia and in the world at large.

He spoke highly of yesterday's talks between Choe Kak-kyu and Chinese Vice-Premier Zou Jiahua. The talks, he said, promoted mutual understanding and will help strengthen the economic and technological cooperation between the two countries.

Yang recalled the visit to China by ROK President No Tae-u in September this year and said that the visit had opened a new era in the two countries' relations. Yang expressed the belief that Choe's current visit will help bring the agreements reached by leaders of the two countries in September into reality.

The Chinese president briefed the visitors on the 14th National Congress of the Chinese Communist Party, which was held in October. The congress, he said, decided that China will continue its policy of reform and opening to the outside world in order to accelerate China's economic development.

He said that China is willing to develop its economic cooperation with all foreign countries on the basis of equality and mutual benefit and hopes to see more and more foreign businessmen investing in China and initiating Sino-foreign funded enterprises.

Choe Kak-kyu, also minister of economic planning, said that he was glad to have witnessed the achievements China has made in its reform and opening to the outside world. China's rapid economic development, he said, will be conducive to the development of ROK and also to safeguarding peace and stability in all of Northeast Asia and the world.

Choe told Yang that the people of ROK pin great hope on the development of ROK-China relations.

During the meeting, Choe conveyed the greetings of President No to President Yang and Yang also asked Choe to convey his greetings to No.

ROK Women's Delegation Visits China

Meets NPC's Chen Muhua

OW0312125992 Beijing XINHUA in English 1217
GMT 3 Dec 92

[Text] Beijing, December 3 (XINHUA)—Chen Muhua, vice-chairman of China's National People's Congress (NPC) standing committee and president of the All-China Women's Federation, met with a women's delegation from the Republic of Korea (ROK) here this evening.

The delegation, led by Ms. Kim Kap-hyun, ROK's second minister for political affairs, is the first women's delegation to China after the two countries established diplomatic ties in August.

Chen said that bilateral relations have been growing rapidly since the two neighbors set up diplomatic relations.

She said the two sides can exchange experiences in the work of women and other areas. She also briefed the visitors on the work of the All-China's Women's Federation.

Kim, a noted woman activist in the ROK, is in charge of the women's work in her government. The visit is aimed at establishing friendly links between the women's leaders of the two countries and increasing mutual understanding.

After the meeting, Chen hosted a dinner in honor of the delegation.

The visitors arrived here earlier today at the invitation of Chen. They are also scheduled to visit Tianjin.

Sees Vice Premier Wu Xueqian

OW0412134992 Beijing XINHUA in English 1304
GMT 4 Dec 92

[Text] Beijing, December 4 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with a women delegation from the Republic of Korea (ROK) here today.

The delegation, led by Ms. Kim Kap-hyun, ROK's second minister for political affairs, is the first women delegation to China after the two countries established diplomatic ties in August.

Wu said that peoples from all walks of life of China and the ROK have increased contacts since the two nations set up diplomatic relations. Meanwhile, the exchanges in the fields of economy, trade, science, and technology have been growing rapidly.

Wu said that the two countries have a lot to do in expanding cooperation in economic, cultural and other fields.

He said that he hopes there will be more visitors from the ROK coming to China.

Kim expressed the hope that the exchanges of women between the two countries will help promote the overall development of bilateral relations.

During the meeting, Wu also briefed the visitors on China's effort in speeding up reform and opening wider to the outside world.

The visitors arrived here yesterday at the invitation of Chen Muhua, president of the All-China Women's Federation.

Liaoning Notes Achievements at Seoul Trade Talks

SK0712085192 Shenyang LIAONING RIBAO in
Chinese 25 Nov 92 p 1

[By reporters Li Dan (2621 0030) and Yu Jingjun (0205 0079 0193) "The Provincial Economic and Trade Talks Successfully Conclude in Seoul"]

[Text] After a seven-day transaction the Liaoning Provincial Economic and Trade Talks of China with gratifying achievements concluded amid the atmosphere of sincerity, warmth, and friendship on the afternoon of 22 November.

The province's economic and trade talks praised as an unprecedentedly grand occasion by Koreans has been a complete success. The total business volume achieved in the talks reached \$300 million. Of these transactions, 62 contracts are of economic and technical cooperation and involve \$200 million; 18 are of labor cooperation and involve \$26.34 million; and two are of enterprises establishment in outside places and involve \$2.62 million. The transaction of import and export commodities is worth \$100 million, of which export commodities account for \$80 million. Besides, the province also signed 114 agreements with foreign firms on utilizing foreign capital to establish "three types of foreign-funded enterprises" and on introducing technologies.

The talks held in the ROK have been the largest economic and trade activities sponsored by China in foreign countries. The provincial delegation and delegations

from various cities in the province have actively publicized the province's situation and the situation of their own. The provincial people's government has held three press briefings on explaining the province's investment environment. The delegations from the cities of Dalian, Anshan, Fushun, Benxi, Jinzhou, and Tieling have successively held eight press briefings for this purpose. All of these briefings have broadened the province's influence on the ROK and formed a good start in the economic and trade cooperation between the two sides.

The talks have proceeded smoothly thanks to the host's vigorous support. The Korea Trade Association distributed 100,000 bulletins almost to every Korean medium-sized and small enterprise, which contain the almost thousand projects provided by Liaoning province. Prior to or during the talks, all Korean central and local newspapers carried almost 100 reports on introducing Liaoning. The large momentum and good results of the talks have attracted great attention.

Jilin Secretary Meets DPRK Provincial Group

SK0712091692 Changchun JILIN RIBAO in Chinese
18 Nov 92 p 1

[Text] At the invitation of the Jinan Provincial CPC Committee, an eight-member delegation of the Workers Party of Korea (WPK) from Yanggang Province of the DPRK, headed by Yi Kil-song, responsible secretary of the Yanggang Provincial WPK Committee, arrived in Changchun by train on the morning of 17 November to pay a friendly visit to our province.

On the same evening at Nanhu Guesthouse, Comrade He Zhukang, secretary of the Jilin Provincial CPC Committee, met with the delegation. On behalf of all party members and all people of the province, Comrade He Zhukang expressed welcome to the Korean guests. He introduced to the guests the province's economic development and reform work progress. He said: All people of the province are making efforts to implement the guidelines of Comrade Deng Xiaoping's important talks during his inspection trip to south China and the guidelines of the 14th CPC Congress, to further deepen the reform work and expanded the scale of opening up, and to build the socialist market economy. Regarding the development of the market economy, we have paid full attention to developing border trade and economic cooperation with the border provinces of the DPRK. I hope that both sides will expand the mutual contacts and cooperation and promote the friendship between both sides.

Yi Kil-song spoke highly of the friendship between both sides and hoped that both sides would continuously carry forward the friendship cemented by the revolutionaries of the older generation. He also expressed his willingness to conduct cooperation in order to further strengthen the friendship. Gu Changchun, deputy secretary of the provincial party committee, was present at the meeting. The delegation will visit Jilin and Yanji cities.

Shandong Vice Governor Visits Japan

SK0712030992 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 5 Dec 92

[Text] On the morning of 4 December, Yoshio Sakurachi, speaker of the House of Representatives of Japan and president of the International Trade Promotion Association of Japan, received Vice Governor Ma Shizhong and his entourage, who are visiting the country.

During the reception, Ma Shizhong relayed the regards extended by Comrades Jiang Chunyun and Zhao Zhihao to Speaker Sakurachi. After hearing the words, Speaker Sakurachi also expressed thanks for the regards and asked Ma Shizhong to relay his greetings to Jiang Chunyun and Zhao Zhihao.

Ma Shizhong and his entourage also called on the Japanese noted personages, including (Kawaka Ichiro), president of Japan-Sino Economic Association; and (Kiyuji Ichiyama), director of the Japan-Sino Economic and Trade Center. They also exchanged opinions with these Japanese individuals on further developing the cooperative relationship in the economy and trade.

Southeast Asia & Pacific

Defense Minister Meets SRV Counterpart

OW0712124992 Beijing XINHUA in English 1224
GMT 7 Dec 92

[Text] Beijing, December 7 (XINHUA)—Chinese State Councillor and Defense Minister Qin Jiwei met with a military delegation from Vietnam led by Senior General Doan Khue, minister of national defense, at the Great Hall of the People here this evening.

This is the first meeting between the military leaders of the two countries since they normalized diplomatic relations in November last year.

During the meeting they discussed the development of the friendly relations between the two countries and their armed forces

Taking part in the meeting on the Chinese side were Xu Huizi, deputy chief of general staff of the Chinese People's Liberation Army (PLA); Zhou Ziyu, newly appointed assistant director of the General Political Department of the PLA; Li Lun, deputy director of the General Logistics Department of the PLA; and Zhang Zhijian, newly appointed deputy commander of the Beijing Military Area and commander of the Beijing Garrison.

On the Vietnamese side were Tran Hanh, deputy chief of general staff of the Vietnamese People's Army; Le Hai, deputy director of the General Political Department of the Army; and Phan Thu, director of the General Bureau of the National Defense Industry and Economy.

The meeting was followed by a dinner given by Qin in honor of the guests, who arrived here for an official visit this afternoon as Qin's guests.

Qin hosted a welcoming ceremony for the delegation later this afternoon. [sentence as received]

Improvement Seen in Sino-Vietnamese Relations

HK0612075192 Hong Kong WEN WEI PO in Chinese
5 Dec 92 p 2

[Editorial: "Improvement of Sino-Vietnamese Relations Is Conducive to Asia's Soaring"]

[Text] Li Peng has successfully finished his five-day visit to Vietnam, during which he held talks with Vietnamese Prime Minister Vo Van Kiet. He also met with Do Muoi, general secretary of the Vietnamese Communist Party, Le Duc Anh, state president of Vietnam, and Nguyen Van Linh and Pham Van Dong, advisers to the Central Committee of the Vietnamese Communist Party.

The two sides issued a 10-point joint communique, and they affirmed that new developments had been made in Sino-Vietnamese relations and that the further consolidation and reinforcement of good-neighborly, friendly, and cooperative relations between the two countries would be conducive to regional peace, stability, and development. This was a major diplomatic development in keeping with the current multipolar pattern in the international situation. China is going all out to advance its economic construction and is carrying out reform aimed at the establishment of a market economy. Under such a new situation, developing exchanges and two-way investments with neighboring countries and thus expanding the size of the market and invigorating the economy was a move greatly beneficial to the national economy and the people's livelihood. Vietnam is also learning from China's reform and opening experience and is actively attracting foreign investment in order to promote its economic rehabilitation. In order to increase economic and trade exchanges, the two countries signed a series of agreements on investment protection, economic and technical cooperation, and scientific and technological cooperation. They also made concrete arrangements for visa exemptions, developing border areas, conducting direct railway, sea, air transportation, as well as direct postal and telecommunications services. Cooperation in these concrete areas has been carried out effectively.

Asia has entered the period of high-speed economic growth, and Asia's political situation is far more stable than that of Europe and America. Some Western big powers, however, are not pleased to see Asia's prosperity, the awakening of the huge dragon of China, and the smooth development of reform and opening in the socialist countries. Therefore, some people have stepped up their moves of selling advanced weapons to this region to widen the strength gap and to sow the seeds of discord among various sides. Some people have fabricated rumors, have exaggerated, and have used some

unsolved border disputes between Asian countries to create chaos and tension and to pursue the tactics of divide-and-rule. Some people have used the human rights issue to interfere in Asian countries' internal affairs in an attempt to achieve their ambitions. Facing this "climate," China and Vietnam, two neighboring countries that share a common border, should pay more attention to their overall interests, strengthen their friendly cooperation, solve their land and sea territorial disputes properly according to the Five Principles of Peaceful Coexistence, and quicken the process of their talks. Before disputes are solved in the talks, neither side should take any action to complicate the border and territorial disputes. If China and Vietnam can properly solve their border disputes, this will be greatly beneficial to the stability of the regional situation and to both countries' security and economic development. China and Vietnam share the same long-term interests, and their partial differences can be solved properly.

China and Vietnam are not only determined to consolidate their unity and resist the influence of all external unstable factors, but they also stand for maintaining peace and stability in the Asia-Pacific region and strengthening regional economic cooperation with the various countries concerned. This will also be conducive to Asia's economic prosperity. The Nansha [Spratly] issue is the most sensitive issue in Southeast Asia. All Asian countries concerned should take a long-term view to deal with this issue for the sake of Asia's peace and stability.

China has reiterated many times that the Xisha and Nansha Islands in the South China Sea are China's territories, but China is willing to shelve the territorial disputes over the Nansha Islands with the countries concerned and first arrange joint development of these islands. As long as the Asian countries insist on not resorting to force, conducting peaceful consultations, jointly developing resources, and consistently preventing Western countries from meddling, then they will be able to alleviate and solve the complicated problems calmly on the basis of mutual benefit.

Vietnam, being the first to hold consultations with China with a view to solving the territorial disputes, will pave the way for other countries' coordination and consultations. The economic cooperation between ASEAN and Vietnam is unfolding, and the economic exchanges and trade between China and ASEAN are also being consolidated and developed. This has thus formed a wide playing field for vigorous regional economic cooperation and will transform the region into a good place for investment. It seems that the investment activities of Hong Kong and Taiwan businessmen in Southeast Asia are still on the rise.

The West is bogged down in an economic recession, while all nations in Southeast Asia and in Asia as a whole

are making concerted efforts to create a good international investment environment and are cooperating harmoniously to remove the obstacles. This will also inevitably attract more investment to this region from the West.

Asia in the 1990s is a region marked by high-speed development, stability, and prosperity. China's foreign policy, which is oriented toward peace, will make contributions to regional stability and economic growth.

Li Tieying Meets Laotian Cultural Delegation

*OW0712043992 Beijing XINHUA in English 0332
GMT 7 Dec 92*

[Text] Beijing, December 7 (XINHUA)—Chinese State Councillor Li Tieying met with a cultural delegation from Laos headed by Acting Minister of Information and Culture Bounteng Vongsay here this morning.

Li, also minister in charge of China's State Education Commission, said that the Chinese Government and the Communist Party of China (CPC) attach great importance to the development of the country's long-term friendly relations with Laos.

He described the current status of such relations as very good, adding that late Laotian President Kaysone Phomvihana had made remarkable contributions to the development of bilateral relations.

Li expressed the hope that the friendly relations and cooperation between China and Laos will continue to be strengthened. He also said that the current visit of Bounteng Vongsay will play a positive role in promoting such cooperation.

Bounteng, who had visited China in August 1990, said that Laos and China have a long history of friendship, and both countries are implementing reform and opening policy.

The Laotian and the Chinese sides have agreed to increase exchanges in press, culture and other fields, adding that these exchanges would enhance friendship and mutual understanding, he noted.

The Laotian delegation arrived here December 5 at the invitation of the Chinese Ministry of Culture. During their stay here, they met with Chinese Vice-Minister of Culture Xu Wenbo and visited the official XINHUA NEWS AGENCY.

During today's meeting, Li also briefed the visitors on the recent CPC congress.

Apart from Beijing, the delegation will also visit Shanghai and Kunming.

Thailand, PRC Sign Accord on Business Data

*OW0812053792 Beijing XINHUA in English 0405
GMT 8 Dec 92*

[Text] Bangkok, December 8 (XINHUA)—Thailand and China signed Monday an accord on the exchange of business information and expertise, according to a Chinese Embassy official today.

The agreement was signed here between Deputy Thai Commerce Minister Chaiyot Sasomsap and Secretary General of China's State Administration for Industry and Commerce, Liu Minxue.

The visiting Chinese official is here to attend meetings aimed at promoting cooperation in the exchange of business information.

The agreement covers the exchange of information on marketing, commercial registration inspection, and protection of intellectual property.

Thailand and China signed a trade agreement in March 1978 and set up an economic cooperation committee in 1985 to explore ways and means to promote trade ties.

By forming a joint commission on scientific and technical cooperation in 1978, the two sides joined hands in implementing a total of 330 projects covering a wide range of areas.

Joint Project Investment With Malaysia Increases

*HK0712110592 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0743 GMT 19 Nov 92*

["Special Article" by Xie Zuan (6200 9449): "Reciprocal Investment and Joint Operations Between Malaysia and China Continue To Increase"]

[Text] Hong Kong, 19 November (ZHONGGUO TONGXUN SHE)—The Malaysian Government encouraged Malaysian businessmen to invest and develop various projects in China by making use of their own specialties. At the same time, the flow of Chinese funds into Malaysia to run joint operations with local enterprises continues to increase.

According to relevant data, Malaysia has run 15 joint-operation projects in China with a total investment of \$500 million (about 1.25 billion Malaysian ringgit). They are mainly involved in manufacturing and service trades.

Chua Jui Ming, the Malaysian deputy minister for international trade and industry, said: China, which has considerable potential, will surely become an economic power in the future, and a mover for the world economy. Therefore, the government will continue to encourage businessmen to invest in China. He held: Malaysia has special knowledge and technology concerning agriculture, manufacturing, and service trades which China needs. That Malaysian businessmen invest in China, set

up integrated companies, and enter international markets through Chinese channels will benefit both Malaysia and China.

In fact, the number of individual cases of Malaysian businessmen seeking investment partners in China spurred by the government's policy of encouraging investment in China has increased by a big margin, of whom Malaysians of Chinese origin who invest in their ancestral native places constitute a considerable proportion.

Similarly, the flow into Malaysia of Chinese Mainland funds to run joint operations with local enterprises also continues to increase. It has been reported that from 1987 to July 1992, 13 Chinese joint-operation projects have been approved for operation in Malaysia, with an investment of 173 million yuan. They are mainly involved in the production of containers, shoes, and water pumps.

Meanwhile, after China and Malaysia signed an agreement on bilateral trade, innovative advances have been made in the trade between the two countries. According to statistics, in the first six months of this year, the amount of bilateral trade topped \$800 million, a big increase over the \$700 million or so in the same period of 1991. Malaysia exported manufactured goods worth \$152 million to China in 1991, or an increase of 69 percent over the 1990 figure. They were mainly wooden products, electrical power equipment, and fertilizers. The Chinese goods exported to Malaysia were mostly food, fodder, textiles, and iron and steel.

Burmese Group Attends Boundary Meet in Beijing

OW0412144292 Beijing XINHUA in English 1350
GMT 4 Dec 92

[Text] Yangon [Rangoon], December 4 (XINHUA)—A ten-member Myanmar [Burmese] delegation returned back to Yangon this evening after attending the first meeting of the Myanmar-China Joint Boundary Inspection Committee in China.

During its stay in Beijing, the delegation had discussions with Chinese officials on the matters relating to joint boundary inspection.

Sub-Saharan Africa

Ethiopian Foreign Minister Visits China

Meets Qian Qichen

OW0412141092 Beijing XINHUA in English 1330
GMT 4 Dec 92

[Text] Beijing, December 4 (XINHUA)—State Councillor and Foreign Minister Qian Qichen and visiting Ethiopian Foreign Minister Seyoum Mesfin had a wide-ranging discussion on international and regional issues as well as bilateral relations here today.

Seyoum, a senior official from the Ethiopian Provisional Government, arrived here earlier today.

According to a Chinese Foreign Ministry official, Qian told Seyoum that he was pleased to see Ethiopia enter into a new period of peace, stability, economic development and economic reform.

The China-Ethiopia friendship has stood the test of the fast-changing international situation, Qian noted.

Qian expressed the conviction that the friendly ties between the two countries will continue to grow.

Seyoum said that Ethiopia will make new efforts to strengthen its friendly ties with China.

On regional issues, Seyoum expressed concern over the latest developments in Somalia. He held that the United Nations should maintain complete neutrality among the various factions in Somalia and its work should be offering humanitarian assistance to the Somali people.

Qian said that the actions of the United Nations have been worked out in accordance with the actual situation in Somalia. Its objectives should be confined to helping to send humanitarian assistance to the Somali people, but not interfering in the internal affairs of that country.

After the talks, Qian hosted a dinner in honor of the visitors.

Talks With Jiang Zemin

OW0512083492 Beijing XINHUA in English 0758
GMT 5 Dec 92

[Text] Beijing, December 5 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin had an hour-long discussion with visiting Ethiopian Foreign Minister Seyoum Mesfin on bilateral relations and other issues of mutual interest here today [5 December].

Jiang expressed satisfaction with the steady growth of Sino-Ethiopian ties since the establishment of diplomatic relations 22 years ago.

China is willing to continue to expand the traditional friendship between the two peoples and the cooperative relations between the two countries on the basis of the Five Principles of Peaceful Coexistence, Jiang stressed.

He praised the Ethiopian provisional government led by President Meles Zenawi for its successes over the past year in achieving national reconciliation, economic restoration and the work to overcome drought. He also briefed the visitor on China's ongoing reform and opening process.

After forwarding Jiang a letter written by President Meles for Chinese leaders, Seyoum praised China for following the foreign policy of independence and non-interference in the internal affairs of other countries and for safeguarding the developing countries' interests in international and regional affairs.

He expressed the hope that Ethiopia and China will increase their cooperation in the fields of economy, and sciences and technology.

Economic Accord Signed

OW0512111392 Beijing XINHUA in English 1032
GMT 5 Dec 92

[Text] Beijing, December 5 (XINHUA)—An economic and technological cooperation agreement between China and Ethiopia was signed here today.

According to the agreement, China will give Ethiopia an interest-free loan for building complete sets of projects and equipment and for carrying out technological cooperation.

Seyoum Mesfin, foreign minister of the Ethiopian provisional government, and Wang Wendong, Chinese vice-minister of foreign economic relations and trade, signed the agreement on behalf of their respective governments.

Zambian President Praises 'Warm Relations'

OW0412225192 Beijing XINHUA in English 1809
GMT 4 Dec 92

[By Qiu Xiaoyi]

[Text] Lusaka, December 4 (XINHUA)—Zambian President Frederick Chiluba said here today the Tanzania-Zambia Railway (Tazara), constructed with Chinese assistance, is a symbol of warm relations between Zambia and China.

Receiving a visiting Chinese Government delegation led by Vice-Minister of Railways Sun Yongfu, Chiluba spoke highly of China's assistance in Zambia's construction of roads, textile works and other projects, and of China's new decision to provide Zambia with 11 million U.S. dollars interest-free loans.

Chiluba said the bilateral economic cooperation can spread to many other areas, especially when Zambia is suffering from a severe drought which has retarded its efforts to rehabilitate and develop infrastructures in the country.

The president said he is delighted with the development of the relations between the two countries and hopes the relationship will grow stronger.

In reply, the Chinese deputy minister said the Chinese Government appreciates the Zambian Government's efforts to promote the country's political stability and economic development.

He said the Chinese Government attaches great importance to the continued development of Sino-Zambian friendly relations, which is in the fundamental interests of the two peoples.

West Europe

Paper Criticizes French Mirage Sale to Taiwan

HK0712134092 Beijing FAZHI RIBAO in Chinese 2
Dec 92 p 4

["International Forum" by Liu Wenzong (0491 2429 1350), Professor at the Research Institute of International Law Under the Foreign Affairs College: "The Betrayal of Principles Is Unacceptable—Commenting on the French Sale of Fighter Planes to Taiwan"]

[Text] The Chinese Government has lodged a protest against France for its sale of 60 Mirage 2000-5 fighter planes to Taiwan. The French betrayal of principles, violating the criteria for international relations and international law, cannot but stir the Chinese people's strong indignation.

France is among those Western countries who first recognized China, and has maintained friendly relations with China. In international law, recognition means the old government is no longer the personal representative in international law, and the new government replaces the old government—which has been legally extinguished—and acquires the subjective representative eligibility under international law. Recognition is a political as well as legal issue. We say that it is a political issue because, just as the famous scholar of international law Oppenheim put it, "political consideration inevitably affects a decision on recognition or otherwise." We say that it is a legal issue because it is precisely through recognition that the international community "determines the condition for a country's eligibility stipulated in international law." The old Chinese government before 1949 was legally extinguished, Taiwan is part of Chinese territory, and the PRC Government is the sole legitimate government of all of China, including Taiwan. That was a political choice and legal commitment which the French Government made in 1964 upon the establishment of Sino-French diplomatic relations. Sino-French relations are precisely built on this basis. The relations between the two countries have developed in this direction for a long time.

In international law, recognition also means the recognizing country bears a series of legal obligations toward the recognized country or government. To show respect for the sovereignty and law of the recognized country, the recognizing country refrains from intervening in the recognized country's internal affairs, severs all political and legal relations with the former "government" and abolishes its recognition, and especially, the recognizing country should not provide weaponry and equipment for the latter to oppose the country or government it recognizes. Should such conditions occur, it would be an action that seriously violates international law and the criteria of international relations, and lead to grave legal consequences.

In international relations, the implementation of international obligations with good intention on a voluntary

basis is required in state-to-state relations. It is a principle that all UN member countries must observe according to the UN Charter Article 2, Clause 2. The "principle of good intention" is stipulated not only in the UN Charter, but also in many important international documents such as the 1969 "Vienna Convention of the Law of Treaties," the "Declaration on Principle of International Law for Various Countries To Build Friendly Relations and Cooperation in Accordance With the UN Charter" which the United Nations adopted in 1970, and the 1948 "Charter of the Organization of American States." The most important implication of the "principle of good intention" is precisely that a country must sincerely exercise the obligations in its own treaties. Now the French Government has gone back on its own words, violated the principles upon which relations were established between the two countries, principles nurtured and highly respected by all French Governments since that of de Gaulle, and brazenly agrees to the sale of high-quality fighter planes to Taiwan, thus creating a tense cross-strait situation, impeding and jeopardizing China's great cause of peaceful reunification. Such action, devoid of any good intention, has violated the Sino-French communique on establishing diplomatic relations as well as the purport and principle of the UN Charter. The Chinese people and all French friendly figures resolutely oppose that action. How can the French Government win people's faith?

The Chinese Government has always kept its word, attached importance to principle, and opposed hegemony, as well as any breach of faith. The French Government's action of forgetting all moral principles at the sight of money, violating China's sovereignty, and jeopardizing its security cannot be tolerated by the law and reason. In the end, the French Government will lift a rock only to drop it on its own feet, and eat the bitter fruit of its own making.

Commentary Attacks Sales

HK0812111992 Beijing ZHONGGUO QINGNIAN BAO
in Chinese 1 Dec 92 p 2

["Commentary" by special contributor Zheng Ruolin (6774 5387 7792): "Forgetting Moral Principles at the Sight of Profits—on Sale of French Mirage Fighter Planes to Taiwan"]

[Text] Will the gate to China that General Charles de Gaulle formally opened on behalf of France in 1964 be closed by President Francois Mitterand 28 years later? This is the question raised today by observers concerned with Sino-French relations.

In the last two weeks, the French and Taiwanese media revealed important news: Taiwan has decided to purchase 60 Mirage 2000-5 fighter planes, as well as correspondingly sophisticated equipment, which includes 1,000 to 1,500 medium and short-range air-to-air missiles from France. And the French Government has

already approved this \$3.5 billion transaction in total regard of the strong opposition and warnings voiced by the Chinese Government.

In spite of a denial by the French Minister of Industry and Foreign Trade, and a chorus of "no comment" from other government departments, the Taiwan side revealed on the 17th that secret French documents related to the defense budget submitted to and approved by the French parliament stipulated that the first batch of Mirage 2000-5 fighter planes will be delivered to Taiwan in 1995. So, the refusal of French officials to talk about this transaction is really an act of self-deception where they think that they can fool everyone by simply not formally announcing this transaction, which "ignores moral principles at the sight of profits."

The Mirage 2000-5 fighter plane is a modern, high-performance fighter plane of the 1990s which can function as both a fighter plane and a strike aircraft, it can carry four 250-kilogram bombs for a distance of 1,480 kilometers without refueling, its maximum speed is Mach 2.2, and its maximum rate of climb is 17,000 meters in four minutes. The Mirage 2000-5 is also equipped with excellent modern guidance systems, as well as hologram facilities. Moreover, it is also armed with the advanced Matra missiles. However, this new type of attack fighter has never been used in actual combat. Even though the French Air Force also boasts Mirage fighter planes, they are not the same as the type exclusively manufactured for export by France's Dassault Company. Since it was put on the market, the untested Mirage 2000-5 has not had any buyers. One reason is its high cost, while another reason is the direct consequence of a shrinking world arms market caused by a post-cold war rapprochement in global tension and economic recession. Meanwhile, the United States has done everything it can to block the Mirage plane in its contention with France over an increasingly smaller world arms market.

Under these circumstances, the marketing and sale of the Mirage 2000-5 fighter plane became a French Government objective, and Taiwan is its latest target. As early as a year ago, relevant authorities in France had already considered pushing the sale of the Mirage 2000-5 fighter plane on Taiwan, and even envisaged selling 150 aircraft. The French Government is well aware of the opposing stance held by China. Besides, at a time when relations between the Chinese mainland and Taiwan have become increasingly closer and the atmosphere more relaxed, the supply of this type of attack fighter plane to Taiwan obviously casts a dark cloud over the prospect of a gradual reunification of the two sides in the 1990s and undermines the reconciliatory atmosphere prevailing on the two sides. To a certain extent, the French move is more serious than the supply of F-16 fighter planes to Taiwan by the United States because the Mirage 2000-5 is of a more advanced grade than the F-16. Hence, French officials have kept this matter strictly confidential. Early this year, even when the press claimed at one point that a deal between France and

Taiwan was about to be closed, the government continued to deny it hypocritically. As the French Government recognizes the PRC as the sole legitimate government of China, the supply of attack fighter planes to a part of China or even a region of China which is temporarily separated from the Chinese mainland and which pursues a social system different to that of the mainland at a time when France is touting loudly about disarmament and its opposition to the arms race, this conduct cannot be justified, whether morally or in terms of state-to-state commitments.

Regarding the sale of the Mirage to Taiwan, France, on one hand, tried to either cover it up or deny it, and on the other hand, it forwarded countless explanations to China. Judging from the French media, aside from the rationale presented by its "contention with the United States in the arms market," France also explained that this was a "purely economic" business transaction. The French firm of Dassault, which is the manufacturer of the fighter, has been plagued by a serious economic crisis for years. The company invested nearly 4 billion francs in research and development for the Mirage 2000-5 and its radar system exclusively for export, but since 1986 the company has not had an overseas order and is therefore faced with the danger of bankruptcy. At the same time, France is suffering from serious trade deficits and urgently needs a transfusion into its economy. So as far as Dassault and the French economy are concerned, the acquisition of this billion dollar deal is an urgently needed "lifesaver" in any case.

Reports also claimed that this contract will allow Dassault to "save" 5,000 jobs as well as secure the necessary capital to carry on with research and development on a new generation of fighter planes.

Hence, the French Government has "firmly maintained" that this transaction is not directed at China nor does it mean a change in France's "one China" policy. However, the sale of attack fighter plane to Taiwan does pose a real and serious threat to the prospects for China's reunification. If France still considers China to be a strategically important power, then it is not unfair to describe this deal, in which economic interests have so obviously prevailed over "political morality," as a case of "forgetting moral principles at the sight of profits."

Meanwhile, some French Government sources have privately pointed to China's purchase of Russian fighter planes. Therefore, the sale of aircraft to Taiwan is intended to "maintain the military balance on both sides of the Strait." Let us not discuss the completely different characters of the two cases. Even the head of the international department of a major French newspaper admitted in his commentary on this affair that arms races are usually initiated on the excuse of "maintaining balances." If the French action should trigger a round of arms races in this region and thus aggravate tension in the Asia-Pacific region, then the current French Government will have to assume an enormous historical responsibility.

The French Government also recognizes that the peaceful reunification of China is the common aspiration of Chinese people on both sides of the Strait. Hence, this action taken by France at a time when the mainland and Taiwan are marching toward this goal cannot be described as a responsible one.

As a permanent member of the UN Security Council, France's sale of weapons to a local authority of China, another permanent member of the Security Council (a point that the French Government recognizes to this day), without doubt constitutes a type of blatant interference in the sovereign rights of China as well as being disdainful and insulting to China. Today, France may gleefully contemplate the small profit it has made, but in the long run, it will not only pay a heavy political price for this, but it may also lose China's gigantic market. Politically speaking, the assessment that General Charles de Gaulle made on the importance of China has been forgotten by the present politicians in France. This cannot but constitute a serious historic mistake. Obviously, they no longer understand that if France is to maintain its influence and position in Europe as well as in the world, it cannot measure its diplomacy in monetary terms.

This shortsighted action is closely linked to the current predicament of the ruling party in France. The failure of the decade-old economic policy of the Socialist Party has resulted in 3 million unemployed and a real danger of losing next year's parliamentary elections. However, it is willing to "overlook moral principles at the sight of profits" in order to save a mere 5,000 jobs and thus gain a mere 5,000 votes. This is a desperate act at a desperate time.

At a time when the world is moving increasingly more clearly toward an "economic war" on a worldwide scale, any disregard of China comes at a high cost. It should be pointed out that the French attitude toward China did not simply materialize today. In recent years, the French Government and media have concentrated on the China "human rights issue" and have failed to see the rise and emerging power of China's economy. Some French politicians believe that China is still a "potential" market at present. It is because of such assessments that France took this reverse action, which seriously undermines bilateral relations, while other western countries are seeking substantial, intensive cooperation with China. If France sells Mirage aircraft to Taiwan now, it will seriously hurt French economic interests in China. Its misjudgment of China's reality will very quickly lead to bitter fruit which will be hard to swallow.

Having suffered from centuries of aggression and humiliation, China still remembers the conduct of the western powers at the end of the last century very well. Whatever the final outcome of the Mirage sale by France may be, this move by France profoundly undermines the friendly sentiments that China has had toward France since the days of General Charles de Gaulle. This injury is unlikely to heal as easily as some politicians imagine.

Portuguese Party Calls for Communist Confidence
OW0512053292 Beijing XINHUA in English 0522
GMT 5 Dec 92

[Text] Lisbon, December 4 (XINHUA)—The Portuguese Communist Party leader, Alvaro Cunhal, said on Friday that communists should be confident in their cause and continue to work for its realization.

Cunhal, secretary general of the Portuguese Communist Party, made the statement at the opening ceremony of the party's 14th National Congress held in Almada near Lisbon.

He pointed out that capitalist monopoly could not solve the serious problems facing the humanity and that communism as an option to the building of a new society still had prospects.

Cunhal said that the disintegration of the former Soviet Union and the radical changes in Eastern Europe indicated the failure of "a pattern which deviated from the communist ideal," rather than the end of communism itself.

The congress attended by more than 1,800 deputies will close on Sunday. Representatives from communist parties, labor parties and liberation organizations in 50 countries were invited to be present.

Founded in March, 1921, the Portuguese Communist Party now has about 164,000 members.

Latin America & Caribbean

Brazilian Paper Interviews Li Peng on Ties, Issues

PY0312191192 Rio de Janeiro O GLOBO in Portuguese
29 Nov 92 p 56

["Exclusive" interview with Premier Li Peng by Carlos Tavares de Oliveira in Beijing—date not given]

[Text] [Oliveira] Up to what point does the PRC administration intend to make progress in its free economic program?

[Li Peng] During the 14th National Chinese Communist Party (CCP) Congress that took place in October it was officially asserted that it is necessary to establish the mechanisms of a socialist market economy in the PRC. Ever since the economic opening and reform policies were put into practice in 1979, the PRC has gradually estranged itself from the traditional concept of a market economy being the product of capitalism itself, and a centrally planned economy being exclusively the product of socialist economy. The reforms have allowed us to reduce the scope of adjustment, through planning, and to increase functional adjustment, through the market, thus considerably promoting the development of our national economy.

[Oliveira] What are the implications regarding the distribution of wealth?

[Li] The prevailing principle is: "Each one obtains benefits according to his work," while other distribution methods are complementary. It is also important to regularly strengthen and improve state control of the macroeconomic activities and to guide the healthy development of the market economy. We are convinced that, thanks to our long and relentless efforts, the PRC will be able to create very efficient market economy mechanisms adapted to Chinese conditions.

[Oliveira] Can the same be said about a political opening?

[Li] In my view, the "political opening" you refer to and as we call it, is the reform of the political structure. We have always sustained that, beside strengthening the economic structure and developing the economy in the PRC, but it also is necessary to reform the political structure. In its 14th National Congress, the CCP once again expressed that it is necessary to—according to the need of closely integrating democratization and institutionalization—actively promote the political structure's reform. The reform we are introducing in our political structure has the objective of building a socialist political democracy with a Chinese characteristic.

[Oliveira] Will it be a system similar to that in force in Western democracies?

[Li] We do not apply the multiparty and parliamentary system of the West because it is not adaptable to the real circumstances of our country. The reform of the PRC political structure has the following main contents: to further improve the system of People's Assemblies; to strengthen and improve the legal system and democracy; to improve the system of multiparty cooperation and political consultation conducted by the CCP; to consolidate and develop the single patriotic front of this new period; to give this decision-making process a scientific and democratic character; to strengthen the functions of the legal control organizations and give greater importance to the supervisory action of public opinion; to continue with and improve the national minorities autonomy system; to maintain equal, mutual assistance, unity, and cooperation in relations among them with the purpose of promoting common prosperity; to continue with the state religious policy of religious freedom; to reform the government organizations, including a selective reduction of their personnel and simplification of the bureaucratic apparatus; to overcome bureaucracy and increase work efficiency; to separate the functions of the government and enterprises and to decentralize functions; and to strengthen administrative morality.

[Oliveira] How has the economy reacted to the modernization program?

[Li] Since the reform and the opening to foreign countries, China's economic situation has been maintaining a

good development trend, a fact that has attracted world-wide attention. During the first six months of this year, the economy, encouraged by the reform and the opening, achieved a relatively high growth rate: The gross domestic product (GDP) rose more than 10 percent. The industrial production rate rose about 20 percent compared with 1991. The heavy industry growth rate was higher than that of light industry. Sales indexes also were relatively good. The performance of medium and large enterprises, as well as their production rates, also improved. Investments in fixed assets rose about 30 percent during the first half of this year. This accelerated growth rate represents one of the main forces promoting the economy's great development. Our country's domestic market is normal, and there is an abundant supply of merchandise, while price indexes are basically remaining stable.

[Oliveira] How is Hong Kong's reincorporation process faring?

[Li] Everyone knows that in December 1984 the Chinese and British Governments signed a "Joint Declaration on the Hong Kong Problem" and that, as of 1 July 1997, the Chinese Government will regain its sovereignty over Hong Kong. Mr. Deng Xiaoping was the first one to express the conception of "one country, two systems" to resolve the problem of our fatherland's peaceful reunification, that is, with the prerequisite of a single China. Our nation's main section continues implementing the socialist system while Hong Kong, Macao, and Taiwan have been maintaining the current capitalist system for a long time without changing. This "one country, two systems" guideline was legally established and guaranteed when our Basic Law on the Special Administrative Region of Hong Kong was drawn up. Directly subordinated to the PRC Central Popular Government, the Special Administrative Region will enjoy a high degree of autonomy. In addition to the affairs linked to diplomacy and national defense, which will be the central government's administration, Hong Kong will continue to maintain its current position as a free port and international finance, trade, and transportation center. Foreign countries' economic interests in Hong Kong will be taken care of. A large portion of Hong Kong's reexport trade comes from China's interior. According to statistics, China's internal merchandise for reexport via Hong Kong totalled 315.67 billion Hong Kong dollars (\$45 billion) in 1991. A significant percentage of this merchandise corresponded to enterprises with foreign or Hong Kong investments.

[Oliveira] And how are relations with Taiwan?

[Li] Since China implemented the reform and opening-to-foreign-countries policies, relations between the two sides of the Taiwan Strait have been developing quickly. According to statistics, the cumulative volume of China's indirect trade via Hong Kong totalled \$21.6 billion by the end of 1991. During the 13-year period between 1979 and 1991, the trade between the two sides of the strait has experienced a significant increase. Since

early 1992, trade between the two sides has been experiencing a new development. According to the statistics of Hong Kong's customhouses, during the January-April period alone, indirect trade totalled about \$2.1 billion, which represents a 34.56-percent increase compared with the same period last year. Concerning this issue, with the development of the relations between the two sides of the strait, Taiwanese entrepreneurs have been visiting—one after the other—the mainland in order to probe the atmosphere for investments and establish enterprises. According to the latest statistics of China's Ministry of Foreign Economic Relations and Trade, the number of Taiwanese investment projects in the mainland totalled more than 4,300, with contracted investments totalling \$3.75 billion. The exchange in economic relations and trade represented mutual benefits for the two sides of the strait. No doubt, this type of trade involves reexport via Hong Kong alone and is still of a "popular and indirect" nature.

[Oliveira] What are the Chinese-Brazilian bilateral trade prospects?

[Li] Our country maintained unofficial economic ties with Brazil after the creation of the New China. The exchange was very small, due, among other things, to the great geographical distance separating our countries and the insufficient mutual knowledge of our possibilities. Our trade totalled less than \$8 million during the entire decade of the 1950s. In 1974, China and Brazil officially established diplomatic relations. This event created a solid base for the development of our bilateral trade and our economic and technological cooperation. In 1978 and 1979, China and Brazil signed a trade and a maritime transportation agreement, respectively. In 1984, the two countries signed a complementary trade agreement protocol. In 1990, we signed an economic and technological cooperation agreement, and in 1991 we signed agreements against double taxation and tax evasion. The Sino-Brazilian Joint Economic and Commercial Committee created in accordance with the bilateral trade agreement met six times between 1980 and 1991. In these meetings, the two countries' representatives energetically analyzed existing bilateral trade problems in order to resolve them, constantly proposing new ideas to promote the development of economic and commercial relations between the two countries. As a result, we had a great increase in the development of our bilateral trade, which extended from the simple trade of goods to the fields of investments, worker service cooperation, technology imports, etc. Brazil-China bilateral trade developed rapidly.

[Oliveira] What are the current figures?

[Li] Our bilateral trade totalled barely \$17.42 million when we established diplomatic relations in 1974 but climbed to \$1.41 billion in 1985. This figure represented 55 percent of our trade with all of Latin America that year. In the past few years, the great changes in the types of goods offered by the two countries, the drastic

decrease of China's oil exports to Brazil, and the reduction of Brazilian steel sales to China have forced a temporary reduction in our trade. In 1991, our total exchange totalled only \$410 million [amount as published], \$346 million representing Chinese imports from Brazil and \$68 million Chinese exports to Brazil. A point that must be raised is that China had a large trade deficit with Brazil for consecutive years. The accrued deficit rose to \$3.5 billion from 1985 to 1991, which means an annual average deficit of \$500 million. We fully trust in the possibilities of Sino-Brazilian trade because if Brazil can increase its imports from China, our imports from Brazil also can increase.

[Oliveira] How are the two countries' economic relations in the field of investment exchange?

[Li] Chinese-Brazilian economic cooperation began relatively late, although it yielded positive results from the beginning. From 1984 to the present, China opened 16 company offices in Brazil representing exclusively Chinese capital or joint ventures. Among them are four production firms, eight commercial firms, and two transport firms. Chinese investments in Brazil total nearly \$14 million. The Bank of Brazil already has opened a branch in Beijing. The Foreign Trade Company, which is subordinate to Petrobras [Brazilian Petroleum Corporation], the Brazilian commercial company Cotia, the international commercial company Forlab-Chitec SA, as well as the Import and Export Company, Inc. of the Hualian do Brazil International Commerce, already have opened offices in Beijing.

Friendship Association With Uruguay Established

OW0212051092 Beijing XINHUA in English 1845
GMT 1 Dec 92

[Text] Montevideo, December 1 (XINHUA)—A parliamentary friendship association was set up yesterday by Uruguay and China.

Uruguayan Deputy Foreign Minister Eduardo Mezera and Huang Zijiang, charge d'affaires of the Chinese Embassy in Uruguay, participated in the establishing ceremony.

The association consists of 15 legislators who are members of the senate and deputy commissions on international affairs and other legislators.

Senator Juan Carlos Blanco and President of the Association Francisco Rodriguez Camusso, also chairmen of the commissions on international affairs for Uruguay's senate and chamber of deputies, made speeches at the ceremony. They emphasized that the objective of the association is to strengthen friendship and know more about each legislation.

Cuban Visitors Interested in Sichuan's Reform

HK0712102292 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 26 Nov 92

[Summary from poor reception] "Yesterday morning, provincial party Secretary Yang Rudai met with Cuban [words indistinct] in Chengdu Guesthouse. [Words indistinct], secretary of the Council of Ministers Executive Committee, [words indistinct]." Yang Rudai talked about the "convocation of the 14th Party Congress and the work the province has done to implement and enforce the spirit of the 14th Party Congress and increase the speed of reform, opening up, and the construction of the interior. (Carlos Siler Guardania) stated that they were very interested in Sichuan's reform and opening policies, and its economic development, and told Yang Rudai about Cuba's present economic development and opening up policies. He hoped that Cuba and China would find the paths of extending economic and trade cooperation between the two countries, strengthening [word indistinct] bilateral ties in foods, medicine, medical [word indistinct] as quickly as possible."

Other officials, such as a "provincial party deputy secretary," were also present at the occasion.

Political & Social

Zhu Rongji Presides at State Council Executive Meeting

OW0812111392 Beijing XINHUA Domestic Service in Chinese 1012 GMT 3 Dec 92

[Text] Beijing, 8 Dec (XINHUA)—Today, entrusted by Premier Li Peng, Vice Premier of the State Council Zhu Rongji presided over the 117th Executive Meeting of the State Council. Examined and adopted at the meeting were the "State Security Law of the People's Republic of China (draft)," the "Additional Stipulations to the Punishment of the Crimes of Hijacking Aircraft and Vessels (draft)," the "Amendment to the Trademark Law of the People's Republic of China (draft)," and the "Law on the Popularization of Farm Technology of the People's Republic of China (draft)." It was decided that following necessary revisions, the above drafts of the laws will be submitted to the Standing Committee of the National People's Congress for examination.

Yang Baibing 'Complains' to Deng About Generals

HK0812065892 Hong Kong CHENG MING in Chinese No 182, 1 Dec 92 pp 22-23

["Notes on a Northern Journey" column by Luo Ping (5012 0393): "Yang Baibing Complains to Deng About Veteran Generals"]

[Text] Since being stripped of his military post, Yang Baibing has been in a fit of depression and has rejected a Political Bureau proposal to appoint him either commandant or party committee secretary of the National Defense University. He told Deng Xiaoping that he had never tried to organize a small clique and that certain people within the party or the Army had tried to oppose "leftism" with "leftism." He also asked the central authorities to allow him to resign as a Political Bureau member.

The State Council Commented on Rumors Concerning a "Small-Scale Coup" Staged by Yang Baibing

People really couldn't understand why a man who had so enthusiastically called for "escorting reform and opening up" failed to secure his own military power and position.

This is indeed a question worth answering. What has Yang Baibing done since he lost his military position? Has he been in a fit of depression just like other officials who suffered the same fate?

Since Yang Baibing was driven out of the Central Military Commission, there have been numerous rumors and speculation about him abroad. The most astonishing rumor is: Yang Baibing tried to stage a "small-scale coup," with the support of his elder brother, but failed in the end and is now under house arrest.

A newsletter compiled by the PRC State Council General Office on 15 November made a response to this

rumor. The newsletter reprinted some of the reports about the "aborted coup" staged by the Yang brothers and also published an editor's note which dismissed the reports as both "fabrications without basic common sense" and rumors.

However, it is indeed surprising that Yang Baibing, a man who has repeatedly pledged his loyalty to Deng Xiaoping and the Deng line since the beginning of this year, has been suddenly stripped of his military post.

Adding Fuel to the Flames of the "Anti-Yang Campaign"

A report carried in CHENG MING's "Notes on a Northern Journey" column and published in November, said that Yang Baibing lost his military post partly because he had no brilliant wartime achievements (Yang is not an Army veteran. During the civil war between the communists and nationalists, Yang was director of the Organization Department of the Logistics Department of the Second Field Army. He was appointed General Political Department director in 1987 and received the rank of general in 1988. He was promoted secretary general of the Central Military Commission after the 4 June 1989 incident.) and partly because he did not respect the veterans within the Army. As a result, a large number of veteran generals in the Army complained about him. The incident whereby 12 veteran generals jointly wrote a letter to Deng Xiaoping complaining about Yang Baibing, is just a typical example in this regard. Meanwhile, Chen Yun also put pressure on Deng Xiaoping who finally had to give in by relieving Yang Baibing of his military post. Some senior military leaders said that in spring, 1990, Yang Shangkun stated on several occasions: "In the final analysis, the Army belongs to the state and is both the People's Army and the State Army." Such remarks, coupled with a big turn from the "Left" on the part of Yang Baibing, who began vehemently calling for "escorting" Deng Xiaoping soon after Deng concluded his south China tour, made some people within the party and the army suspicious of the Yang brothers' desire and ambition to usurp military power. As a result, these people urged increased vigilance against the Yang brothers, thereby adding fuel to the flames of the "anti-Yang campaign." It was learned that Yang Baibing was not the one who first employed the word "escort." The word "escort" was used for the first time in a written pledge submitted to the CPC Central Committee and the Central Military Commission by the leading organ of a certain military region after studying a series of speeches made by Deng Xiaoping during his South China tour. Later on, with the support of the Central Military Commission and Yang Baibing, the General Political Department officially started using the word, which was also employed by the party paper as new political jargon later on. The word signified a fundamental ideological turn on the part of Yang Baibing. Some people believed that the word has attested to Yang Baibing's political opportunism.

Politely Turning Down the Offer of the Post of National Defense University Commandant

In fact, the decision to transfer Yang Baibing away from the Central Military Commission had been made before the 14th CPC National Congress was convoked. At an enlarged Political Bureau meeting convened on 29 September, Jiang Zemin announced a proposal put forward by an enlarged Political Bureau Standing Committee meeting (which was in fact a proposal made by Deng Xiaoping), in accordance with which, Yang Baibing would be transferred elsewhere and appointed either political commissar or commandant of the National Defense University. The proposal was turned down by Yang Baibing in a polite way later on. Yang Baibing recommended instead that Li Jijun and Zhou Wenyan be given the two posts.

Yang Baibing has been very much annoyed at Deng's decision and has made a lot of complaints in private and been in a fit of depression ever since.

Yang Told Deng: Certain People Within the Party and Army Have Been Engaged in Factionalism

Deng Xiaoping had a meeting with Yang Baibing in late October. Jiang Zemin, Qiao Shi, and Liu Huaqing were also present on this occasion. Speaking of Yang Baibing's transfer, Deng maintained: "Only by submitting to the overall interests and viewing issues by taking them into consideration will it be possible to correctly handle the relations between the interests of an individual and those of the party." However, Yang Baibing was still not convinced by Deng's remarks and said that he felt no qualms upon self-examination because he had never practised factionalism or resorted to metaphysical dogma. Yang Baibing also made a complaint about the "anti-Yang" incident, saying: "There has been a tendency within the party and the Army to oppose 'Leftism' with 'Leftism.' Certain people within the party and the Army have been engaged in factionalism in total disregard of the party and military organizations.

Yang Baibing's remarks were in effect a tit-for-tat response to the aforementioned letter of complaint about him written by 12 veteran generals, putting a label on them.

Yang Became Sick and Was Hospitalized in Late October

In order to placate Yang Baibing and prevent his transfer from causing unnecessary repercussions abroad, the 14th CPC National Congress decided to elect Yang Baibing as a Political Bureau member. In addition, the first plenary session of the 14th CPC Central Committee also decided to let Yang Baibing appear in public in his new capacity with the result that he accompanied Zhang Zhen, Zhang Wannian, Yu Yongbo, and Fu Quanyou to the China Society of Military Sciences to introduce the new Central Military Commission leaders to the leaders there. People with sharp eyes could immediately tell that it was what the Guangdong people call "performing a play."

Yang Baibing himself did not like being led in this way. A military source close to Yang said that he entered the hospital in late October suffering from a duodenal ulcer and stomach hemorrhage. He stayed in the Beijing Army, Navy, and Air Force General Hospital before going to Beijing's Xiangshan to recuperate for a number of days. The CPC hierarchy sent people to visit and extend regards to him.

Six Generals Participating in the "Anti-Yang Campaign" Have Been Given Important Posts

In the meantime, the same military source said, the Central Military Commission held an enlarged meeting from 27 to 29 October. The meeting was presided over by Jiang Zemin, Liu Huaqing, and Zhang Zhen and officially announced the namelists of leaders in charge of the General Staff, the General Political Department, the General Logistics Department, various armed services, various arms of services, and various military regions. What was most noteworthy is that the meeting adopted a proposal made by the Central Military Commission, in accordance with which the Political Bureau decided to let Yang Dezhi, Xiao Ke, Hong Xuezhi, Yu Qiuli, Liao Hansheng, and Li Desheng assist and participate in building the new Central Military Commission. All the six veteran generals had been participants in the "anti-Yang campaign" waged by a total of 12 veteran generals in early September. Although they hold posts, but no ranks, their appointments demonstrated that the anti-Yang faction within the military had successfully "recovered their lost front." On the other hand, it demonstrated another defeat for the Yang brothers, especially Yang Baibing.

Did Deng Xiaoping's Remarks "Contain a Needle"?

On 29 October, Deng Xiaoping met with 85 political commissars who were attending an enlarged Central Military Commission meeting. Accompanying Deng Xiaoping were Wan Li, Qiao Shi, Hu Jintao, Yang Shangkun, Ding Guangen, Wen Jiabao, and others. When meeting with the senior military officers, Deng said: "The general principle governing the Armed Forces is to persist in the party's absolute leadership over the Armed Forces. We must not deviate from this principle at any time nor under any circumstances. Any deviation from this principle is bound to cause trouble to the state and disturbance in society."

Some senior military leaders believed that Deng's remarks were probably intended to assure the military that he had been keenly aware of the expanding influence of the "generals of the Yang clan" within the Armed Forces and that his decision to force Yang Baibing out of the Central Military Commission was intended to "safeguard the party's absolute leadership over the Armed Forces."

Yang Applied To Resign As Political Bureau Member

As the overall situation was becoming more and more unfavorable to Yang Baibing, who was also under

extreme pressure, he told the Political Bureau in early November that he hoped "a more suitable middle-aged or young comrade" would be appointed to replace him as a Political Bureau member. Later on, he applied for leave and went to Zhuhai.

Compared with official circles, Zhuhai is undoubtedly a more peaceful place for a disgraced bureaucrat or officer.

Former Minister Criticises Yang

HK0812034092 Hong Kong THE STANDARD in English 8 Dec 92 p 10

[Report by S.L. Law]

[Text] Former Chinese defence minister Zhang Aiping has compared ousted military strongman Yang Baibing with notorious opportunist Lin Biao, military sources have revealed.

General Zhang made the accusation in a speech to a Central Military Commission (CMC) meeting, which General Secretary and CMC chairman Jiang Zemin attended, soon after last month's 14th party congress.

The veteran general was reported to have criticised General Yang's slogan: "Escorting the emperor (Deng Xiaoping), protecting the voyage (of economy reform)".

People's Liberation Army troops were ordered to chant the slogan for 10 months after Mr Deng's celebrated propaganda trip to the south of China this year.

The speech by General Zhang, denounced by the party since 1989 for his open opposition to the military crackdown, brought an official end to the slogan. Most of China's professional servicemen had never accepted it anyway.

General Zhang was also said to have criticised General Yang's call for protecting economic reform, insisting that this policy was a prelude to full-blown capitalism. "What does it mean by escorting the emperor?" he was quoted as asking. "Does Comrade Deng need his escort? To me, the slogan is just the same as the 'buttress Mao' slogan invented by Lin Biao. Chairman Mao's authority simply did not need Lin's buttress."

General Zhang criticised General Yang's policy of using the army to protect the cause of economic reform. "Where will the reform head for under this protection? I believe it will only lead to capitalism," he was quoted saying. Mr Jiang was believed to have sponsored the remarks.

A military source said the extended CMC meeting was the first Mr Jiang had attended, even though he had been CMC chairman for three years. "I was not allowed to enter this quarter before," Mr Jiang was quoted saying.

His speech was reported to have concentrated on the reshuffle to clear top military positions of Yang supporters.

Political analysts in Beijing said the re-emergence of General Zhang was indicative of a softening party stance toward the 1989 crackdown.

Analysts believed that although a total rehabilitation of the pro-democracy movement could not be expected soon, the party would easily put the blame on the Yang brothers (General Yang's half-brother, Yang Shangkun, is the state president) and their supporters if social and political circumstances required a rehabilitation.

"It was becoming clear that the Yangs would become a handy scapegoat to save the patriarch and the current leadership from toppling when the time comes," an analyst said.

'Purge' Underway; Yang 'Under House Arrest'

HK0812042592 Hong Kong MING PAO in Chinese 8 December 92 p 58

["Newsletter from Beijing" by Wen Shih (5113 4258): "General Zhang Zhen Is Responsible for 'Purging' Yang Baibing"]

[Text] A Beijing source disclosed that a personnel reshuffle and purge within the Chinese Army, the largest of its kind since the Lin Biao incident, is now underway. Veteran General Zhang Zhen is in charge of the work.

Zhang Zhen was internally chosen as vice chairman of the Central Military Commission, taking up the powers of Yang Baibing, former secretary general of the commission. Zhang Zhen is in charge of the elimination of Yang Baibing's influence in the Army, a process which began after the 14th party congress, and the purge which includes the scope, principles, and transmission, and announcement of transfer orders.

The source said that a conclusion has been made on all the personnel who had taken part in the "military meeting" summoned by Yang Baibing without authorization. The purge will then be extended to the offices of the Central Military Commission and General Headquarters, which include the Cadre Section of the General Political Department, the Political Section of the General Staff Headquarters, and the General Office of the Central Military Commission. Almost all the personnel of these offices will be changed.

It has been reported that Zhang Zhen is "merciless" in purging Yang Baibing's followers. His principle of "removing the cause of future trouble" and "flogging the cur that has fallen into the water" has upset the officials above Army level at the major offices in Beijing. The current atmosphere in the Army is tense.

The source mentioned in particular that the measures adopted by Zhang Zhen in the purge evoked discontent among the military figures. According to a report, when Zhang Zhen announced the transfer of a number of high level officers at a meeting, some of the attendants stood up, complaining of unfairness in handling the case of Zhao Nanqi, former director of the General Logistics

Department. They said that "Zhao Nanqi had made contributions to the General Logistics Department" and asked Zhang Zhen to take this into consideration in the purge. Paying no heed to these calls, Zhang Zhen announced Zhao Nanqi's removal from the office of director of the General Logistics Department and his new post as president of the Military Science Academy.

Because of the severe purge, high level Army officers who had close ties with Yang Baibing stated one after another that they were not Yang's followers. The source said that some senior officers even went to Deng Xiaoping to "complain tearfully" and "draw a clear line of demarcation."

It is said that veteran officers, who were dissatisfied with Yang Baibing, gave their full support to the purge led by Zhang Zhen. After Yang Baibing assumed military power, these veteran officers often gathered at Xishan, the western suburbs of Beijing. For this reason, they were regarded as the "Xishan faction." Zhang Zhen is now the most authoritative representative of the "Xishan faction" in the Army.

The source continued that there are two versions on Deng Xiaoping's attitude toward the purge: First, he knows what has happened, believing that "these people must be allowed to pour out their grievances"; second, he is not aware of the specific situation of the purge, particularly the wide scope involved. As to the role of Jiang Zemin in the Army reshuffle, the source said that it depends on the veteran officers. Meanwhile, he is also inclined to eliminating Yang's influence.

According to the source, there are rumors in the Army saying that Yang Baibing is under "house arrest" and he is not allowed to go out.

Correction to Item on Yang Baibing, Bodyguards *HK0212065292*

The following correction pertains to the item headlined "Yang Baibing 'Violates Taboo' on Bodyguards," published in the Political & Social section of the 1 December China DAILY REPORT, beginning on page 19:

Second column, first paragraph of item, first sentence, make read: "...on the eve of the 14th CPC National Congress to arrange "matters after the death" of Deng Xiaoping. Moreover, Yang Baibing.... (picking up third sentence, rewording)

Second paragraph of item, first sentence, make read: "...Political Bureau held a meeting the other day to discuss the issue of.... (rewording)

Same paragraph, penultimate sentence, make read: "...without authorization in a bid to "usurp the leadership of the Army and seize power"; 2) he secretly changed the bodyguards of.... (rewording)

Last paragraph of second column, first sentence, make read: "...solicit their opinions on "making arrangements" after the death of Deng Xiaoping. Later on, Deng.... (rewording)

Page 20, first column, first paragraph, first sentence, make read: "...and municipal levels, wound up recently. The meeting made preparations for.... (rewording)

Jiang Zemin Said 'Challenged' at Party Congress

HK0412151092 Hong Kong CHENG MING in Chinese No 182, 1 Dec pp 24-26

[Article by Nan Ping (0589 1627): "Jiang Zemin Was Challenged at the 14th Party Congress—Guangdong Delegates in Beijing Wanted Jiang To Make Self-Criticism for His Mistakes"]

[Text] In his report to the 14th CPC National Congress, Jiang Zemin totally evaded his responsibilities for holding back economic reform during his tenure of office over the last three years. He also did not mention his mistaken economic formula advocating "the integration of the planned economy and market regulation" and how his "leftist" guiding ideas had resulted in a resurgence of "leftism." Deputies to the 14th CPC National Congress questioned him on this in turn. Intellectuals in Beijing said one drawback of the congress was that Jiang Zemin had continued to keep his post as general secretary.

In the early morning of 25 October, Beijing police suddenly announced that Leung Wai-man, a female reporter sent to Beijing by Hong Kong's KUAI PAO [EXPRESS] "was detained for questioning according to the law" on a charge of "carrying out activities incompatible with her status as a reporter." Immediately after the incident, a piece of news emerged in Beijing to the effect that Hong Kong's KUAI PAO had angered Jiang Zemin by publishing the full text of Jiang's report to the 14th CPC National Congress before the congress had been convened. Overseas reporters argued that since the report was going to be published sooner or later, the arrest of Leung Wai-man was unnecessary and was made under the artificial pretext of stealing an important classified document. It is very clear to other people how much power Jiang Zemin, as CPC general secretary, actually has. Reading his report to the CPC National Congress is the only opportunity for him to show his power. KUAI PAO's real offense was that it caused Jiang Zemin to lose face by publishing the report before the congress had opened—this is in fact a one-sided view.

Revealing Inner Party Contradictions Caused Jiang Zemin To Lose Face

The whole process of the 14th CPC National Congress, including making nine drafts of the report and "electing a central leadership body," was full of conflict and strife. If an informed person was allowed to send the nine drafts abroad and reveal how the leadership was formed, Jiang Zemin would be the one to feel disgraced; in the period after Deng Xiaoping's south China trip, Jiang

Zemin placed himself in a passive position in the theoretical controversy and in the controversy over personnel arrangements in the CPC hierarchy, especially in the theoretical controversy over reform and opening up. When the congress was held in Beijing, he was taken to task not only by members of the CPC hierarchy but also openly by party-member deputies at the congress from various places when Jiang's report was under discussion. Naturally, Jiang Zemin was afraid that all this would be reported in the press. With this in mind, we have no difficulty in understanding why Jiang Zemin attached great importance to security work concerning the 14th CPC National Congress and why he flew into a rage when he knew his report had been published before the congress had been convened.

Tian Jiyun Accused Jiang Zemin of Impeding Reform

According to a Beijing source, when the CPC Political Bureau discussed the fifth draft of the report in July, Tian Jiyun and other Political Bureau members openly criticized him at the meeting. They claimed that, in his speech delivered at the Central Party School on 9 June, Comrade Jiang Zemin had just mechanically repeated what Comrade Deng Xiaoping had said and emphasized that the party did not gradually acquire a correct understanding of planned and market economies and the relationship between the two until "some time" after the Third Plenary Session of the 11th CPC Central Committee. They said that Jiang's remarks were not sincere. Jiang Zemin, they added, cannot evade this fact. As early as October 1984, when the Third Plenary Session of the 12th CPC Central Committee was held, the party had made sufficient progress in understanding the issue and had proposed developing a "planned commodity economy." At the 13th CPC National Congress held in October 1987, this objective was reiterated. However, beginning from the Fourth Plenary Session of the 13th CPC Central Committee, Jiang Zemin changed this resolution into "integrating a planned economy with market regulation." It is clear to all that "developing a planned commodity economy" not only differs from "integrating a planned economy with market regulation" in wording, but, more importantly, in its direction for economic development. The former means planning cannot be ignored in developing a commodity economy, while the latter means the market only serves to regulate a planned economy. In consequence, for two years beginning in the second half of 1989, China's reform took a step back in terms of theoretical guidance and specific policies. This loss of two years can never be made up. But Jiang Zemin should have given a clear account of this matter in his report and taken the blame on behalf of the Political Bureau appointed after the Fourth Plenary Session of the 13th CPC Central Committee.

Jiang Zemin Hit Back by Saying Tian Jiyun Had Put an Unrealistic Label on Him

Greatly angered by criticism from Tian Jiyun and others, Jiang Zemin refuted: The economic development formula of "integrating the planned economy with market

regulation" put forward after the Fourth Plenary Session of the 13th CPC Central Congress was based, first, on some veteran comrades' suggestions, and second, on the situation of economic rectification and improvement at that time. Again, I did not act on my own. I first asked Comrade Yang Shangkun for his opinion on the formula and the Political Bureau also discussed the matter later. Did Comrade Deng Xiaoping not say during his south China tour that we should lift the economy to a new stage every few years? The time was not ripe then for elevating the economy to a new stage. Therefore, we should affirm the achievements in economic improvement and rectification, without which our present development would be out of the question. I take exception to the argument that economic reform suffered setbacks after the Fourth Plenary Session of the 13th CPC Central Committee. Comrade Tian Jiyun's opinion does not tally with the facts to say the least, and it can still be considered as putting a label on me.

CPC Makes Unpredictable Changes in Policy

Tian Jiyun retorted that when the Political Bureau discussed economic reforms in June 1989, the participants failed to reach a consensus on Jiang Zemin's ideas, which was clearly improper. So the Political Bureau did not agree to publish his speech delivered at the Fourth Plenary Session of the 13th CPC Central Committee. However, in his 1989 National Day speech, Comrade Jiang Zemin emphasized that "adhering to the principle of integrating the planned economy with market regulation" is "a problem on which party and government cadres must seek a consensus." He also stressed the need "to give greater priority to the guidance role of planning." Following the speech, central cadres responsible for economic work demanded that leaders of all provinces, cities, autonomous regions, and cities designated in state plans strengthen the central government's administrative control, namely, strengthen the planned economy. This being the case, party and government leaders of some provinces, where reform and opening up had proceeded rapidly, questioned: Why did the central government make an unpredictable change on such an important matter?

Drafters of Report to 14th CPC National Congress Wrote Tongue Twister for Jiang Zemin

After several debates in the Political Bureau, Jiang Zemin, seeing that the situation was unfavorable to him, said to Deng Xiaoping before the others: "I prefer the wording 'socialist market economic system,' because our ongoing practice and the deepening of our understanding have made us realize that we should clearly set building a socialist market economic system as the objective of our economic restructuring in order to further liberate and develop productive forces."

After making his first achievement by procuring support from Deng Xiaoping, Jiang Zemin ordered skillful writers responsible for drafting the report to make the wording on the economic system comply with similar

wording in the past and to analyze the continuity and dialectical relations between the two. Hence, the skillful writers wrote, using their skills, "a tongue twister" as follows: "After the Fourth Plenary Session of the 13th CPC Central Committee, we proposed setting up an economic system and an operational mechanism which integrated market regulation and the planned economy, which is beneficial to the development of planned commodity economy." This serves to translate Jiang Zemin's formulation demanding a return to the planned economy into a formulation which helped develop guidelines for economic reforms laid down by the Third Plenary Session of the 12th CPC Central Committee and by the CPC's 13th National Congress. Jiang Zemin was very satisfied with this trick. In the course of soliciting opinions on the draft report, although quite a number of people, including members of the Central Advisory Commission, said the passage "after the Fourth Plenary Session of the 13th CPC Central Committee, we proposed setting up an economic system and an operational mechanism which integrated market regulation and planned economy, which is beneficial to development of planned commodity economy," was very hard to pronounce and unintelligible, Jiang Zemin persistently said that this passage could not be altered.

Delegates to 14th CPC National Congress Took Jiang Zemin to Task

With the above explanation, Jiang Zemin believed that other people would be convinced that he has never turned his back on the reform drive since he became "the core of the leadership." But he little expected to come under fiercer fire at the congress than he did at the Political Bureau session.

A member of the Guangdong delegation said while discussing Jiang Zemin's report that, after the Fourth Plenary Session of the 13th CPC Central Committee, great pressure was brought to bear on party and government cadres in coastal provinces. This pressure certainly came from the central authorities. When we came to Beijing to attend a meeting in 1990, leading comrades from hinterland provinces made fun of us, saying that the situation is ever changing. "For thirty years people east of the river prosper, then for thirty years those to the west." Before "4 June," you were model reformists, but now you have become a model for restoring capitalism. When we returned home, local people said that the central authorities have changed their policies again, but nothing should be changed here. If you cadres dare not resist the central authorities, we will resist you. So when Comrade Deng Xiaoping visited us early this year, people spontaneously lined up to welcome him. When Comrade Deng Xiaoping said that he supported us and affirmed our achievements, the masses were moved to tears and we cadres heaved a sigh of relief. No one knows whether anyone will be bold enough to advocate scaling back reform again in the future. However, to make sure the reform policy will not change in the future, we must obtain a clear idea through discussions why the reform

policy was changed once in the second half of 1989. It is very disappointing that Secretary Jiang did not mention this issue in his report.

Jiang Zemin Was Accused of Not Carrying Out Deng's Instructions To Combat "Leftism" to the Letter

A member of the Beijing delegation to the congress said angrily that Beijing had responded to any change in central government policy before other provinces or cities. After "4 June," once the central authorities said they would recover powers which had been delegated and Comrade Jiang Zemin announced that it was necessary to strengthen the role of planning, comrades working in the south were able to overtly or covertly oppose the decision because they were far away from Beijing, but how could we in Beijing say "no" to the central government? We could do nothing but ask the masses to forgive us and say in explanation that it is difficult to be an official under the emperor's nose.

Beijing deputies also made another charge against Jiang Zemin. Though in his report Jiang Zemin copied what Comrade Deng Xiaoping had said on the necessity to focus on combating "leftism," he only referred to "leftism" found in the 20 years following 1957. The "leftism" found in the 20 years between 1957 to 1977 was a target for criticism at the Third Plenary Session of the 11th CPC Central Committee. Of the "leftism" mentioned by Comrade Deng Xiaoping, he only mentioned the "leftism" of the 20 years following 1957; he would not stress the need to combat "leftism" made again during his south China trip. In the speeches Comrade Deng Xiaoping made during his south China trip, he clearly lashed out at "leftism" in theoretical circles over the last two years and "leftism" in the minds of some leaders who had made unwarranted charges against economic reform, but Comrade Jiang Zemin did not mention anything about this.

Jiang Zemin's Speech Delivered at a Meeting Marking the 40th Anniversary of the People's Republic of China Was a Prelude to Anti-Reform Cantata

A Guangdong delegate also cited a specific example: In his speech delivered at a meeting marking the 40th anniversary of the founding of the People's Republic of China, Jiang Zemin emphasized that there are two fundamentally different concepts of reform and opening to the outside world, namely, the concept of reform and opening to the outside world under the guidance of the four cardinal principles, and the one advocated by exponents of bourgeois liberalization. Not long after the speech, the department responsible for theoretical study under the State Education Commission held a first seminar on the necessity of inquiring whether reform is surnamed "socialist" or "capitalist." Immediately after the seminar, several theoretical magazines in Beijing applauded the seminar and more and more articles in magazines even went so far as to accuse coastal provinces of engaging in "covert privatization" and keeping the central authorities in the dark. They said the reform

we were carrying out smacked of nothing socialist. Comrade Jiang Zemin, as CPC general secretary, instead of checking the practice of slinging mud at reform and opening up, further stressed in a speech made in 1991 marking the 70th anniversary of the founding of the Communist Party of China, the need to "distinguish between two fundamentally different concepts of reform and opening to the outside world," namely, one guided by socialism and the other by capitalism. This was totally designed to encourage theorists, whose "leftism" dies hard, to make unbridled attacks against reform and opening up. Now, in his report made on behalf of the CPC Central Committee, Jiang Zemin devoted too much time to what happened before 1989, but spoke too briefly about the economic situation except the turmoil in 1989 and the speeches Comrade Deng Xiaoping made during his south China tour.

Delegates Demanded that Jiang Zemin Bear Responsibility for Anti-Reform Activities

A Guangdong delegate said that as Comrade Jiang Zemin was appointed CPC general secretary after June 1989, his report should dwell on what the Political Bureau had done under his guidance over the last three years, what it had achieved in reform, and what lessons it should draw. Party members in Guangdong hoped that their delegation to the party's congress would put several questions to the Central Committee.

1. Two years ago some people wanted to settle accounts with those who had carried out reforms, created theoretical confusion, and confused and poisoned the people's minds. Are leading comrades of the central authorities not to blame for this? Which comrades should be held responsible?

2. Before 1989, our party newspapers and magazines carried articles publicizing bourgeois liberalization, which caused spiritual pollution. After the Fourth Session of the 13th CPC Central Committee, the party made an analysis of the situation and the former general secretary bore all responsibility. However, after the Fourth Plenary Session of the 13th CPC Central Committee, party newspapers and some theoretical magazines in Beijing also ran articles attacking reform. They even went so far as to threaten to arrest reformists taking a capitalist road. Should we not discover who is to blame for this?

3. If party leaders are to be prosecuted when they commit rightist mistakes while remaining innocent when they commit leftist mistakes, does this not mean that "leftism" is better than rightism? At present, since opposing socialism means opposing the party, can we regard opposing or obstructing reform as opposing the party?

Bulletins Given Out by the Congress Did Not Carry Dissenting Views

Beijing delegates said that Jiang Zemin's report shows that leading comrades in the central authorities still

consider "committing 'leftist' mistakes as a problem arising from erroneous thinking, while they believe committing rightist mistakes is a matter related to a political position or one of principle." This is unconvincing.

As usual, the congress gave out bulletins. But the "congress bulletin" with the two characters "classified" on it did not carry any opinions against Jiang Zemin. This explained why Jiang Zemin was much concerned about security work relating to the congress. By comparison, Hu Yaobang and Zhao Zhiyang were far less concerned about security work when they took charge of the 12th and 13th CPC National Congresses. The reasons were that, first, the two former general secretaries advocated increasing the transparency of the political process, and second, the two former general secretaries contributed to reform and opening up, which enjoys popular support, to varying degrees and did nothing to obstruct reform and opening up. Beijing intellectuals comment that, although the congress made it clear that China will develop a market economy, the current congress had two drawbacks compared with the 13th congress: First, the report did not mention separating the functions of the party from those of the government where political restructuring is concerned; second, Jiang Zemin managed to preserve his post as general secretary, while other people said that though Jiang Zemin was still general secretary, he only serves as an ornament. Jiang Zemin must be aware of this in his mind. If this is not the case, why did he not dare to mention "the leadership collective of the third generation" in his report?

Leaders Attend 4 Dec Constitution Rally

OW0512014692 Beijing XINHUA Domestic Service in Chinese 1120 GMT 4 Dec 92

[By reporters Sun Benyao (1327 2609 1031) and Zhang Yinshu 1728 6892 5002]

[Excerpt] Beijing, 4 Dec (XINHUA)—A rally was held this afternoon at the Great Hall of the People in Beijing to mark the 10th anniversary of the promulgation of the PRC Constitution.

Leading cadres including Jiang Zemin, Wan Li, Qiao Shi, Li Ruihuan, Ding Guangen, Zou Jiahua, Chen Xitong, Wen Jiabao, Wang Hanbin, Zhang Zhen, Ren Jianxin, Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Rong Yiren, Ye Fei, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Wang Fang, Fang Yi, Gu Mu, Wang Guangying, Ma Wenrui, Hu Sheng, Cheng Siyuan, Lu Jiaxi and Ismail Amat, as well as responsible officers of the parties concerned, including Cao Zhi, Song Defu, Jia Yibin, Wang Songda, Hao Yichun, and Cai Zimin, and more than 3,000 people from all walks of life, attended the meeting.

The meeting was presided over by Wan Li, chairman of the National People's Congress Standing Committee.

The meeting commenced amid the magnificent strains of the national anthem. Qiao Shi, member of the Standing

Committee of the CPC Central Committee Political Bureau, delivered a speech at the meeting. [passage omitted]

Qiao Shi Speech

CM0812162292 Beijing XINHUA Domestic Service in Chinese 1420 GMT 4 Dec 92

[Speech delivered by Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee, at a rally marking the 10th anniversary of the promulgation and implementation of the PRC Constitution held in Beijing on 4 December]

[Text] Beijing, 4 Dec (XINHUA)—Comrades and friends:

It has been 10 full years since the Constitution of the People's Republic of China adopted by the Fifth Session of the Fifth National People's Congress on 4 December 1982 was promulgated and implemented. We are holding a grand meeting here today marking the 10th anniversary of the promulgation of the Constitution so as to further establish the authority of the Constitution; ensure its implementation; do an even better job of performing the tasks put forward by the 14th CPC National Congress; accelerate the pace of reform and opening up; promote the construction of socialist modernization, democracy and the legal system; and strive to build our country into a prosperous, democratic, and powerful socialist country with a high level of culture.

As everyone knows, the Constitution is the fundamental law of the country and it plays an extremely important role in the life of the country. The Constitution stipulates the basic system of the country and the basic tasks. It is the basis for maintaining the unification of the country, solidarity among nationalities, and stability in society. The Constitution has the greatest authority and the highest legal effect. All laws and regulations, as well as other statutory documents, must not contravene the Constitution. No organizations or individuals may have any privileges above and beyond the constitution. All behavior in violation of the Constitution must be dealt with. If all state organs, mass organizations and citizens take the Constitution as the highest norm of conduct, long-term peace and stability in the country will be ensured.

The current Chinese Constitution was formulated by inheriting the fine tradition of the first Constitution adopted in 1954, on the basis of the line, principles, and policies laid down by the party since the Third Plenary Session of the 11th CPC Central Committee, in keeping with the demands in political, economic, and other developments in China under the new historical era, and after discussions by all people. This Constitution crystallizes the common will and vital interests of the people of all nationalities in the country, clearly defines economic construction as the central task of the country, upholds the four cardinal principles, and reflects [ti xian

lao] reform and opening up. It is a good Constitution for building socialism with Chinese characteristics.

The Constitution ensures the smooth progress of China's socialist modernization, reform and opening up. It stipulates that the basic task of the nation in the years to come is to concentrate its effort on socialist modernization. Over last 10 years, the whole party and people of all nationalities across the country have persevered in taking economic construction as the central task; made further efforts to liberate and develop the productive forces; and made progress in developing the economy, improving people's living standards, and increasing the overall strength of the country. A profound change has taken place in the situation in our country.

The Constitution and the constitutional amendment adopted in 1988 have made principled stipulations on the reform of the economic structure and opening up to the outside world. They have included the protection of legitimate rights of individual sectors of the economy, permission for the existence and development of private economy within the scope of law and the transfer of land use rights, perfection of the system of economic management and operational mechanism of enterprises, implementation of various forms of the responsibility system, the confirmation of the decision-making power of enterprises in their operation, and permission for foreign enterprises and other foreign economic organizations and individuals to invest in China or establish economic cooperation with China's enterprises or other economic organizations. These constitutional provisions have played an important role in advancing our country's efforts to invigorate the domestic economy, open up to the outside world and promote the transformation of the economic structure.

The Constitution has promoted the building of the political system of socialist democracy in our country. In the past 10 years, the system of the people's congress—being the fundamental political system of our country—has been constantly improved. The people's congresses at various levels and their standing committees have maintained close ties with the masses, and have conscientiously carried out their functions and duties empowered by the constitution. They have played an important role in legislation, supervision and major decision-making. The state administration, adjudication and the system of procuratorial work have been constantly improved. Division of work between various state organs has been clearly defined and those organs have been working together in close coordination, thus effectively consolidating the state political power of the people's democratic dictatorship of our country. They have guaranteed that citizens' rights are the basic contents of socialist democracy.

The Constitution has drawn a serious lesson from the period of the Great Cultural Revolution during which citizens' rights were seriously impaired, and has made extensive stipulations on protecting citizens' freedom and democratic rights, including the right of existence,

the inviolability of the person, and the political rights as well as the citizens' other rights in economic, cultural and social fields.

In the past 10 years, in accordance with the stipulations of the Constitution, the election system has been further improved and a series of laws to protect citizens' rights have been enacted. In this way, the citizens are able to exercise their rights based on the legal system. We have adhered to and further improved the political consultative system of multi-party cooperation under the leadership of the CPC, and consolidated and developed the broad patriotic united front. The consultations between the CPC and leading members of the central committees of various democratic parties and personages without party affiliation on major issues have become systematized. We have persisted in implementing and improving the system of regional national autonomy, protected and developed the relations of equality, unity and mutual assistance among people of various nationalities, and promoted the common prosperity of people of various nationalities. We have strived to strengthen the building of mass autonomous organizations at the grassroots level, and protected the people's rights to directly administer economic, cultural and social affairs.

The Constitution has effectively promoted the building of the legal system. The Constitution is the foundation and basis for enacting laws and regulations. It has played an important guiding role in establishing and perfecting our country's socialist legal system. Since the Third Plenary Session of the 11th CPC Central Committee, 204 laws and related decisions and supplementary regulations have been formulated. In addition, 617 administrative laws and regulations and 2,360 local laws and regulations have been formulated. We have in the main changed the situation of imperfection in the building of the legal system for quite a long time.

Now there are laws to be observed in the major aspects of national political, economic and social life. Administrative, judicial, and procuratorial organs at various levels have established and strengthened law enforcement offices, and improved the condition of law enforcement. The National People's Congress [NPC] Standing Committee has called for attaching as much importance to supervising and inspecting law enforcement as enacting laws. By inspecting law enforcement in a planned and organized manner, people's congress standing committees at all levels have corrected violations of the Constitution and laws and promoted the construction of the legal system in China. The NPC Standing Committee twice adopted a resolution aimed at popularizing legal knowledge among citizens and conducted nationwide education campaigns based on the Constitution to familiarize people with the law, thereby increasing awareness of the Constitution and the concept of the legal system among all of society.

A major feature of the current Constitution is its emphasis on the endeavor to build a high degree of socialist spiritual civilization while building a high

degree of material civilization. Over the past decade, in accordance with the provisions of the Constitution, the state has energetically developed education, science, culture, health, and sports undertakings, educating people all over the country in the four cardinal principles, in ideals, in morality, in civic awareness, and so on, in a bid to give a new generation of people ideals, morality, general knowledge, and a sense of discipline. Meanwhile, in accordance with the laws, the state has strived to wipe out various ugly social phenomena and encouraged sound practices in society, thereby revealing the Chinese nation's new mental outlook.

Over the past decade, we have made tremendous achievements in implementing the Constitution. These achievements did not come easily. However, we should realize our shortcomings [bu zu] in implementing the Constitution. They are reflected mainly in the inadequacy of specific systems to ensure implementation of the Constitution, in the failure to promptly correct violations of the Constitution, and in the need to further enhance citizens' awareness of the Constitution. Therefore, further safeguarding the dignity of the Constitution and ensuring its enforcement remains our task for a long time to come. The 14th CPC National Congress, which was concluded just a month or so ago, was a meeting of great significance in party history. The congress summed up the practical experiences of China's socialist modernization construction, decided to arm all party members with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and to unswervingly adhere to the party's basic line on the initial stage of socialism. The congress defined the establishment of a socialist market economy as the goal of China's economic structural reform, and produced, through election, a new leadership collective of the party Central Committee. Now that the general political principles, the objective, and the tasks have been clarified, what is crucial is to work hard and make relentless efforts to carry out the principles, objective and tasks. We should, in line with the demand of the 14th CPC National Congress, further implement and enforce the Constitution to promote even greater advances in China's socialist modernization drive.

1. To implement and enforce the Constitution, we must unswervingly uphold the party's basic line and step up the pace of reform, opening up, and socialist modernization drive. To carry out the Constitution, we should first conscientiously follow the basic line of one central task and two basic points. The key to unswervingly upholding the party's basic line lies in firmly adhering to the central task of economic construction. We have had a profound historical lesson in this regard. Taking the historical lesson as a warning, the Third Plenary Session of the 11th CPC Central Committee made a strategic decision to shift the focal work point of the party and the state to economic construction soon after the end of the Great Cultural Revolution. Comrade Deng Xiaoping repeatedly exhorted us to persistently resolve to engage in this task, except when events such as large-scale warfare

occur. We should concentrate all of our efforts on this task regardless of any disturbances. Even if events including large-scale warfare do occur, we should still continue or resume our task after the war.

Despite significant changes in international political and economic setups and various occurrences in the country during the 14 years after the Third Plenary Session of the 11th CPC Central Committee was held, we have adhered to the party's basic line and the central task of economic construction and have accomplished world acknowledged achievements in reform, opening up, and the modernization drive, under the historical conditions, with peace and development as the themes of the age. Over 14 years of great practice, our successful experiences show that the party's basic line conforms to the interests and will of all people and is completely correct. The entire party and people around the country should continue their determination to uphold the party's basic line and not waver in it even for 100 years, and to concentrate their efforts on economic construction. Currently, we should firmly grasp the opportune time to step up the pace of reform, opening up, and modernization. Meanwhile, we should also be aware that we are seeking truth from facts and acting according to our capability. We should adopt a new strategy of national economic development that has higher speed and better results.

In unswervingly upholding the party's basic line, we must steadfastly adhere to the four cardinal principles and to reform and opening up. These two tasks should be united as one. The adherence to the four cardinal principles cannot deviate from reform and opening up. Only through reform and opening up aimed at constantly improving links in production relations and the superstructure, which are incompatible with the demand for expanding production, can socialism display its vigorous vitality and bring into full play its superiority.

Meanwhile, to ensure smooth and sound progress in our economic construction, reform, and opening up, we must have a firm and clear political direction, eliminate all factors leading to chaos [hun luan] and political turmoil [dong luan] in the country, preserve political stability and unity, and maintain good social order. Without political and social stability, we would achieve nothing. The provisions of the four cardinal principles and the principle of reform and opening up are all incorporated in the existing Constitution. They are all inseparable parts of the party's basic line and unite as one to serve the central task of economic construction.

On the issue of adhering to the central task and two basic points, we should guard against rightism and direct the thrust of our vigilance against leftism so as to heighten consciousness about implementing the party's basic line. To accelerate reform, opening up, and modernization, we must emancipate our minds and seek truth from facts.

Around the Third Plenary Session of the 11th CPC Central Committee, we directed and supported a major

debate on the role of practice as the only criterion for judging truth. The debate shattered the ideological constraints imposed by the personality cult and the two whatevers. The debate was of great significance because it reestablished the ideological line of emancipating the mind and seeking truth from facts and provided the ideological premise for initiating our country's policies of reform and opening up and for advancing the modernization drive. Our achievements over the past decade in various fields of reform, opening up, and modernization can be attributed to our adherence to the ideological line of emancipating the mind and seeking truth from facts.

Emancipating the mind and seeking truth from facts constitute a united approach. We should adapt our thinking and understanding to objective reality; constantly eradicate outmoded traditional concepts; abolish our dogmatic comprehension of some of the Marxist tenets; rectify the unscientific and even distorted comprehension of socialism; and correctly understand concrete national conditions and the new circumstances arising from ideological changes during the initial stage of socialism in our country. We should continue and maintain our practice of integrating basic Marxist tenets with China's concrete reality; arm ourselves mentally with the theory of building socialism with Chinese characteristics; apply the party's line, principles, and policies in light of the specific conditions of localities and departments; innovate and experiment boldly; sum up our experiences without delay; and do our work creatively.

The 14th national party congress noted that the acceleration of our country's economic construction requires further emancipation of our minds. In speeding up reform and opening up, we should not restrain our thoughts and actions with abstract debates over capitalism and socialism. We should work steadfastly as long as our actions can help develop the productive forces of our socialist society, strengthen the overall might of our socialist country, and improve the people's living standards.

Socialist society marks a historical stage in the progress of human society. It can only be built on the basis of assimilating all achievements of civilization in human society. In carrying out reform, opening to the outside world, and conducting socialist modernization, we should not only introduce advanced scientific and technological knowledge from other countries, but we should also assimilate and draw upon all advanced operational methods and management know-how of foreign countries that reflect the achievements of modern socialized production and comply with the law of a market economy. Only this approach will contribute to advancing the cause of socialism in our country and to elevating our country to the ranks of world economic powers at an early date.

The 14th national party congress set the establishment of a socialist market economy as the goal of our country's

economic restructuring. This has basically removed the ideological restraint that treats the planned and market economies as different fundamental social systems. It constitutes a major conceptual breakthrough.

At present, the important thing is to pay attention to doing a good job in changing the operational mechanism of state-owned enterprises, especially large and medium-sized enterprises; accelerating the implementation of the market system; deepening reform of the distribution and social security systems; and quickening change in the functions of government. We should renew our concept of planning and improving our methods. When the state makes plans, its main tasks should be to set rational targets for national economic and social development, to forecast economic development, to control total supply and total demand, and to readjust the geographical distribution of industries and of the productive forces. We should vigorously develop markets throughout the country, further expand the role of the market, and employ economic levers, legal means and necessary administrative measures to guide the healthy development of the market according to the objective requirement.

2. In implementing the Constitution, we must actively promote reform of the political structure and have a relatively big development in the building of socialist democracy and the legal system. Democracy and the legal system are important symbols of a modern and civilized country. People's democracy is the essence and core of things which are required by socialism. Without democracy, there will be no socialism and socialist modernization.

Comrade Deng Xiaoping once said: In order to protect people's democracy, it is essential to strengthen the legal system. We must institutionalize the democratic and legal system and those systems and laws must not be changed because of the change of leaders, or change of viewpoints, or focus of attention of the leaders. This is an extremely important guiding principle for strengthening the construction of socialist democracy and the legal system.

According to the principle that all power belongs to the people and the principle of democratic centralism, the Constitution has made a series of important stipulations on the establishment of state organs and the reform of the political structure in our country. The 14th CPC National Congress has clearly pointed out that, in order to keep pace with economic development and the reform of the economic structure, it is imperative to push forward reform of the political structure, bearing in mind that promotion of democracy must be closely combined with improvement of the legal system, and bring about great advances in socialist democracy and in the legal system.

The system of the people's congress is our country's fundamental political system. It gives expression to the

fundamental character of the people's democratic dictatorship of our socialist country led by the working class and based on the alliance of workers and peasants. It is the best form to enable the people to become the masters of the country. We must follow the stipulations of the Constitution and the requirement of the 14th CPC National Congress to further perfect the system of the people's congress. We should strengthen the function of legislation and supervision of people's congresses and their standing committees, so that the role of people's deputies can be played in an even better manner. Before the end of next year, people's congresses at various levels will all be reelected. Doing a good job in reelecting people's congresses will have an important bearing on adhering to the party's basic line and perfecting the system of people's congress. We must attach great importance to the upcoming reelection of people's congresses and do a meticulous and careful job in organizing the reelection work so as to insure the smooth change of people's congresses. In the course of the reelection of people's congresses, we must give full play to democracy and do things strictly in accordance with the law. We must elect those citizens who have taken the lead in observing the Constitution and laws, and can represent the interests and wishes of the people as deputies to the people's congresses. We should elect those outstanding people who are more revolutionary, younger in average age, better educated and professionally more competent; have both ability and political integrity; and have implemented the party's basic line with outstanding results in their work and have the courage to carry out, with a pioneering spirit, reform of leading groups of state organs at various levels.

Longterm co-existence, mutual supervision, treating each other with all sincerity, and sharing weal and woe are the norm for the CPC in establishing new relations with all democratic parties and patriots without party affiliation. We should continue to improve the system of multi-party cooperation and political consultation under the CPC leadership and earnestly give play to the role of all democratic parties and patriots of all circles in participating in the administration and discussion of state affairs as well as in democratic supervision. We should support people with democratic party membership and people without party affiliation in holding leading posts in state organs. We should form closer ties and unity with the masses of all strata to help continue to consolidate and develop the comprehensive patriotic united front under new historical conditions and in the new era.

It is necessary to protect citizens' constitutional rights and freedoms, continue to improve laws for protecting citizens' rights, and provide institutional and material guarantees for citizens to exercise their rights. Whoever violates a citizen's rights must be dealt with and punished. We should continue to strengthen the organization and institution of townships and towns in accordance with relevant laws. We should earnestly bring into play the role of residents' committees and villagers'

committees and let the broad masses of the people take a direct part in the management of political, economic, and social life. We should uphold and improve democratic centralism. Leading organs and leading cadres at various levels should apply in their work the method of the mass line—"from the masses, to the masses"—be good at listening to the opinions and voices of the masses, maintain flesh-and-blood ties with the people, and promote a scientific and democratic policy-making process. At the same time, they should also pay attention to formulating laws concerning the promotion of socialist democracy and the maintenance of social stability.

The establishment of a socialist market economy has put forward new demands on our legal system. A socialist legal system is an inseparable part of the establishment of a socialist market economy. Without legal protection, it will be impossible to establish and improve the socialist market economy. The party Central Committee has proposed that we should establish as a preliminary a socialist market economy in the 1990's and then improve and finalize it in another 20 years. For this reason, we should also create in the 1990's a preliminary legal system which suits the socialist market economy. With the gradual improvement and finalization of the new economic structure, we should also improve and finalize the legal system. This is an arduous and yet urgent task. We should attach great importance to improving the legal system, and in particular, we should accelerate economic legislation. To meet the needs of establishing the socialist market economy, we should formulate, as soon as possible, a number of laws which govern the market's principal behavior [zhu ti xing wei 0031 7555 5887 3634] and economic order and strengthen macro-economic control and social security. Existing laws and regulations which do not suit the socialist market economy should be promptly revised or abolished.

Developing a legal system suitable to socialist market economy is a new task which demands further emancipating the mind, renewing concepts, boldly using the effective experiences and achievements of other countries—especially economically developed countries—in legislation, and improving and absorbing them according to China's actual conditions to serve our purpose. The development of socialist market economy has also set a higher requirement for law-enforcement departments at all levels to make greater efforts to change the fact that they do not always handle things in accordance with the law, enforce the law strictly, and investigate all violations of law. Law-enforcement organs should make greater efforts to improve themselves, raise the quality of law-enforcement personnel and levels of their work, and make sure that people's courts and procuratorates execute their judicial authority and supervisory rights in accordance with the law, and that the principle of all men being equal before the law is strictly observed. They should also rigidly distinguish law violation from abiding by the law, as well as guilty

from innocent in accordance with the law. They should not only severely crack down on all kinds of crimes, but should also safeguard people's legal rights and interests in earnest, as well as consolidate and develop achievements made in reform, opening up, and the socialist modernization drive.

3. To implement and enforce the Constitution, we must safeguard and observe the Constitution and regard it as the basic code of conduct. The CPC and the Chinese people have gained a profound understanding from historical experiences and lessons that the authority of the Constitution has a bearing on the state's political stability and destiny, and will never tolerate any harm to the foundation of the Constitution. People are the most solid foundation and most fundamental strength for the enforcement of the Constitution. Hundreds of millions of people will create a great force when they enhance their constitutional concept and consciousness, foster the idea and get into the habit of abiding by and safeguarding the Constitution, and engage in the struggle against activities violating and breaching the Constitution.

China is a country which has had a feudal society for thousands of years. It lacks a tradition of a modern legal system. Since entering modern times, its economy and culture have been, generally speaking, fairly backward. Among cadres and the masses, a large number still do not know that some laws are available, or they fail to enforce them despite their awareness of the existence of these laws. Such conditions are fairly unsuitable to our requirements for building a prosperous, powerful, democratic, and civilized socialist country. To strengthen the socialist legal system, we must hand over the Constitution and laws to the people. With legal weapons in hand, they will consciously observe the Constitution and laws, acquire the idea and habit of handling things in accordance with the law, and learn to use constitutional and legal weapons to protect their own legal rights and interests. To this end, a long time and a great deal of work on the education and publicity with regard to the legal system are required.

At present, in activities to publicize the legal system, we must continue to lay stress on popularizing knowledge of the Constitution. We should further raise the consciousness of the broad masses of cadres and people of the legal system and the Constitution. We should ensure the implementation of the Constitution and various laws, persist in doing things in accordance with the law, be strict in executing laws, and run the country and administer various aspects of work in accordance with the law. The propaganda departments and news media should consider publicizing the Constitution as an important duty and permanent task. They should strive to develop the role of supervising public opinion. The party constitution clearly stipulates that the party must conduct its activities within the limits permitted by the Constitution and the laws of the state. The party has led the people to enact the Constitution and the laws and also leads the people to observe the Constitution and the laws. The Constitution and the laws have reflected the position and

people's wishes as a whole. Observance and implementation of the Constitution and the laws by members of the Communist Party should precisely reflect the wishes of the people of the whole country and follow the leadership of the party. Therefore, the activities of all party organizations and all party members from the party Central Committee to grass-roots level units must be done consciously within the limits permitted by the Constitution and the laws and must never run counter to the Constitution and the laws. Party organizations at various levels must constantly educate and supervise party cadres and party members to take a lead in observing the stipulations of the Constitution and the laws. The NPC and the Standing Committee of the NPC should also conscientiously assume the responsibility of supervising the implementation of the Constitution. They should strengthen the examination of various laws and regulations to see if they run counter to the Constitution. All activities in violation of the Constitution must also be strictly rectified. Local people's congresses and their standing committees at various levels should all ensure the observance and implementation of the Constitution within their respective administrative jurisdiction.

The Constitution, in the final analysis, is derived from social practice. The current Constitution of our country is a high level summation and concentrated reflection of the abundant experience of the people of our country in their great practice of building socialism with Chinese characteristics since the Third Plenary Session of the 11th CPC Central Committee. In the wake of the constant development of our country's reform, opening up and the building of socialist modernization, there will naturally be some important new experiences and findings. Therefore, it is necessary to make necessary amendments and additions to certain stipulations in the Constitution in accordance with legal procedure.

The Standing Committee of the NPC should properly exercise its function in interpreting the Constitution and make necessary explanations on problems in the implementation of the Constitution, so that stipulations in the Constitution can be implemented in a better way.

Comrades, friends, the Constitution is the foundation of our country in administering and stabilizing the country in the new historical period. People of various nationalities, all state organs, all units of the Armed Forces, various political parties and social organizations, and various enterprises and understandings should all consider the protection of the dignity of the Constitution and the implementation of the Constitution as their duty. So long as we strictly follow the fundamental norm of the Constitution in our activities, we will certainly be able to adhere to the party's basic line, perfect socialist democracy and the legal system, and guarantee the accomplishment of various tasks set by the 14th CPC National Congress and smooth progress in the building of socialist modernization.

'Newsletter' on Compilation of CPC Documents

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["Newsletter" by XINHUA reporters Liu Siyang (0491 1835 2254) and Dou Guangsheng (4535 1639 3932): "Important Documents and Valuable Historical Data—On the Compilation of *Selected Documents of the CPC Central Committee*"]

[Text] After seven years of work, all 18 volumes of *Selected Documents of the CPC Central Committee* were recently released to the public. The documents, which deal with the party's history before the founding of New China, were compiled by the Central Archives Bureau and reviewed by the Central Party Literature Research Center.

Although the compilation of CPC documents and archives dates back 50 years, this was the first time that the CPC has systematically published large quantities of its historical documents for public consumption.

Gradual Release of Valuable Historical Data for Public Consumption

In a joint letter to the CPC Central Committee in 1979, party history teachers from 29 colleges and universities in Beijing suggested the publication of some historical data for use in party history research.

The CPC Central Committee placed a high premium on the teachers' suggestion. Acting on the CPC Central Committee's directive on gradually releasing the party's historical archives, the Central Archives Bureau and the Central Party School in November 1979 successively compiled and published 14 volumes of *Selected Documents of the CPC Central Committee* for internal consumption. The documents were used as reference materials by party cadres at or above the county level, as well as by teachers and researchers of party history.

In April 1985, the Central Party School presented a proposal to the General Office of the CPC Central Committee regarding the expansion of circulation for these internal documents. Acting on a suggestion by the General Office of the CPC Central Committee, responsible comrades from relevant CPC Central Committee departments agreed to let the Central Archives Bureau publish an edition for public consumption, after all internal documents had come off the press. The General Office also asked the Central Party Literature Research Center to assist in compilation work. On the basis of these instructions, the Central Archives Bureau and the Central Party Literature Research Center formulated guidelines, editorial policies, and division of editorial work regarding the compilation and publication of the external edition. They decided to let the Central Archives Bureau compile the documents, which would be reviewed by the Central Party Literature Research Center. These guidelines and policies were included in the minutes of meetings between the two departments.

After the "minutes" were approved by leading comrades from the CPC Central Committee, relevant departments assigned approximately 50 comrades to compile and publish the external edition. The project began in August 1985.

The editors imposed demands on themselves—seeking truth from facts, remaining faithful to history, and entering a wealth of accurate information into the external edition.

It is understood that the external edition of *Selected Documents of the CPC Central Committee* features 2,816 leading documents totaling some 8 million characters. These are the most basic documents reflecting the party's lines, principles, and policies in various periods and historical stages. Compared to the internal edition, the external edition contains an additional 800 documents and 2 million characters.

Many of the party's documents, especially those on the early stages of the party's history, were lost to the war before the founding of New China. After the founding of New China, the Central Archives Bureau collected large quantities of historical documents and began to collate and examine them.

Respect for History and Careful Compilation

As a result of a wide search and collection effort, as well as careful sorting and compilation, the external edition contains some documents that were missing for a long time and were not found until the recent search.

They include the "Manifesto of the Communist Party of China," dated November 1920; "Zhang Tailei's Written Report to the Congress of the Third Communist International," dated June 1921; "The First CPC National Congress," "Report by the Beijing Communist Organization," and "Report by the Guangzhou Communist Party," all dated July 1921; "The CPC Plan for Current Practical Issues" and "Declaration of the First National Labor Congress," both dated 1922; and "Chen Duxiu's Report to the Third CPC National Congress," dated June 1923. These newly-found precious historical materials are of great reference value to research on the history of the CPC founding.

The external edition also contains additional documents on questions about party organizations and on criticisms of party leaders. For instance, the "Resolution on Political Discipline" adopted by the enlarged meeting of the Provisional Central Political Bureau in November 1927 was a terribly erroneous document. It criticized the party's leading organs and leaders that participated in the Autumn Harvest Uprising and the Nanchang Uprising, as well as the leaders of the Guangdong Provincial Party Committee under the Southern Bureau and the party organs in northern Hubei and Shanghai for "committing serious mistakes." It also "punished" the "erring party organs and their leading comrades." Because the document involved criticism and punishment of party leaders, it was not made public for a long

time and was not contained even in certain special editions intended for a limited number of readers. The external edition contains these documents and will be of significant use to research on the history of those events.

Volume Five of the external edition contains several documents from 1929, including a "letter from the Front Committee of the Red Army's Fourth Corps to the Central Committee" and "Central Committee's Instructions to the Front Committee of the Red Army's Fourth Corps—On the Situation of Fighting Among Warlords and the Red Army's Tasks." These documents are of great value to research on the development of the Red Fourth Corps and to answering some questions that it was difficult even to mention in the past.

Ensuring Accuracy and Reliability and Seeking Truth

Historical documents should be authoritative. To maintain their authority, they must truthfully reflect historical facts and the authors' original intentions.

The compilers of the external edition have adhered to the principle of seeking truth and made great efforts in version selection, document authentication, and proof-reading to ensure accuracy and reliability with respect to dates and biographical and geographical names.

The external edition involves thousands of versions of documents. Since a document may have several quite different versions, the compilers did all they could to use the original versions in the archives, including manuscripts, officially signed documents, and documents with official seals. Research, comparison, and authentication were made to document copies, including carbon copies and mimeograph copies, before they were selected for use. The Zunyi Meeting was a meeting of great historical significance in the CPC's history. The date of its resolution has been an important question among party historians. The compilers collected five different versions of the resolution. One was "adopted by the Political Bureau meeting on 8 February 1935" and "copied and disseminated on 16 February." The compilers believe that this is indeed the original version of the document printed in 1935 and the earliest and most reliable version of the resolution discovered so far.

After thorough research, the compilers determined the reliability of the documents being "adopted by the Political Bureau on 8 February" and "copied on 16 February." So the external edition supplies the following footnote to the resolution of the Zunyi Meeting: "The date of '8 January' on one original in the archives was an error. The enlarged meeting of the Political Bureau held in Zunyi began on 15 January and ended on 17 January. The resolution was composed after the meeting and was adopted by the Political Bureau at another meeting on 8 February. In the archives, there was another original that was marked 'adopted by the Political Bureau on 8 February 1935.'" This research has corrected a long-standing error in various party history books.

"Message of the CPC Central Executive Committee to All CPC Members" was adopted at an emergency meeting held by the CPC Central Committee on 7 August 1927. The compilers found as many as 10 different versions published before 1949. A comparison shows that the version published in "Central Newsletters" soon after the 7 August meeting was the more complete and accurate version. Although the versions published after 1930 basically have the same contents, they are approximately 200 characters less in length as a result of repeated reprintings. Without comparisons, it would be hard for compilers to discover the missing words.

Seeking Truth From Facts and Restoring to Original Forms

Selecting the right version is an important step in compiling documents. Improper selection will affect the ideological requirements and scientific approach in the material collection process and will fail to reflect the original forms of the documents. Volume Eight of the external edition shares 52 documents with the internal edition, but it uses different versions in 27 of the documents. Volume Nine of the external edition shares 55 documents with the internal edition, with 38 of them in different versions. Of the 76 documents shared between Volume Ten of the external edition and the internal edition, 48 are in different versions. The compilers concerned told the reporters that the only purpose for the version change is to restore central documents to their original form.

The determination of the author is an important part of the effort to keep the original form. Some of the documents contained in Volume Ten of the external edition were drafted by the Central Bureau in Shanghai for the Provisional Central Committee after the latter moved to Jiangxi. The compilers have discovered in researching 104 documents that 15 were drafted and transmitted in the name of the Central Committee, and two were drafted and transmitted by the central delegation to Communist International in the name of the party Central Committee and the central committee of the Communist Youth League. These have been explained in footnotes in the external edition. Research has not only restored the documents to their original form, but it has also been important to the studies concerning how the party formulated its major policies in those two years, on the relationship among the Provisional Central Committee in the soviet area, the Central Bureau in Shanghai, the delegation to the Communist International, and the Communist International delegation in China, and on the role of the Central Bureau in Shanghai in working in the Kuomintang-controlled areas as well as the effect of its work on the whole party.

Proofreading is an important and indispensable work in document compilation. The compilers of the external edition persistently kept the original intact. If a word must be changed, the compilers would still keep the original word but would also supply an alternate word.

The publishing of the external edition reflects the people's aspirations. The book provides the most important and most fundamental basis for research on party history and for summing up historical experience. These reliable first-hand data are important to building socialism with Chinese characteristics, because the people will draw useful lessons from and be educated by history.

Provincial, Ministerial Organ Reform Discussed

HK0712055292 Hong Kong WEN WEI PO in Chinese
20 Nov 92 p 2

[Dispatch from Beijing by staff reporter Chen Chien-ping (7115 1696 1627): "Central Authorities Examine, Test Various Proposals on Organizational, Wage Reforms"]

[Text] Beijing, 19 Nov (WEN WEI PO)—According to an authoritative source here, the State Council and various provincial and ministerial departments will formally introduce organizational reform as well as corresponding reform of the wage system starting next year. At the moment, the central authorities are examining reform proposals submitted by various ministries, commissions, and offices, and at the same time, they are drawing up plans for concrete implementation, as well as carrying out work related to surveys and tests.

The source went on: The central authorities are keeping a tight grip on the soon-to-be-started organizational reform by imposing strict demands and requiring strict implementation by the various departments in line with relevant regulations decided at the 14th party congress. It was learned that a plan for organizational reform was submitted by the Economic and Trade Office calling for reduction of present staff members from more than 1,000 to 600. However, this plan has been returned for further revision by the central authorities which stipulated that the organizational reform of the office can only allow for the retention of 300 persons.

The source said: The central authorities also demanded that in coordination with the organizational reform to be initiated next year, the relevant departments should amend their original thinking on reform regarding the endeavor to establish a socialist market economic system, and should seize the opportunity to draft the reform implementation plans at five levels of government organs: State Council, province, prefecture (city), county, and village. Efforts should be made to implement comprehensively and as soon as possible a national civil servants system and to promulgate provisional regulations related to state civil servants, and grasp plans related to concrete implementation of reform in the wage system as well as to the establishment and development of a mechanism facilitating mobility of experts and personnel, and the creation and promotion of a market for experts and personnel.

Daily Carries QIUSHI No 23 Table of Contents*HK0112134392 Beijing RENMIN RIBAO in Chinese
30 Nov 92 p 5*

["Table of Contents for QIUSHI No. 23, 1 December 1992"]

[Text] Article by Ding Guangen: "Several Understandings Gained In Studying Report to the 14th Party Congress"

Article by Li Lanqing: "Further Expand Opening up, Expedite Development of Foreign Relations and Trade"

Article by Wang Hanbin: "Embodiments of the Party's Basic Line in China's Constitution—Greeting 10th Anniversary of Promulgation of China's Constitution"

Report: "An Important Issue Concerning the Overall Situation of Modernization Drive—Pen Talk on Establishing Socialist Market Economic System by Liu Guoguang, Zhang Zhuoyuan, He Jianzhang, Yuan Baohua, He Guanghui, Sun Xiaoliang, Hu Ping, and Gui Shiyong"

Article by Xing Laitian: "What Accomplishments Has Our Party Made In the Past 14 Years?"

Article by Jin Bin: "What Is the Significance of the Theory on Building Socialism With Chinese Characteristics?"

Article by Gong Chaowen: "What Are the Features of the Theory on Building Socialism With Chinese Characteristics, Which Are Summarized by the Report to the 14th Party Congress?"

Article by Chen Shunhao: "Fire Under the Ground and In the Heart—Viewing Gas Gusher in Northern Shaanxi Gas Field"

Statistics: "Fundamentals of National Economic Operation (October 1992)"

Military**Deng, Jiang Stress Party Supremacy to Commission***HK0212095592 Hong Kong CHENG MING in Chinese
No 182, 1 Dec 92 p 27*

[Article by Shang Fang-ming (1424 2455 2494): "Deng Xiaoping Stresses General Principle for the Army"]

[Text] On 27-29 October, the Central Military Commission held an enlarged meeting, at which Jiang Zemin made a report entitled "Arm the Whole Army and Carry Out Army Building With Comrade Deng Xiaoping's Thinking and Theory on Army Building."

Jiang Zemin Urges That the Party Must Command the Gun

Jiang Zemin's report is divided into five parts. The first part is that it is necessary to stress Deng Xiaoping's expositions on Army building; the second part is that the focus of Army work is modernization of national defense; the third part is that the Army must uphold the party's absolute leadership and the principle asserting

that the party commands the gun, and the gun must never be allowed to command the party; the fourth part is that the Army must strengthen political and ideological work and bring its fine traditions into full play; and the fifth part is that power politics and hegemonism must be opposed firmly.

Deng Xiaoping met with the 85 military and government leaders attending the meeting on 29 October and accompanying him at the meeting were Wan Li, Qiao Shi, Hu Jintao, Yang Shangkun, Ding Guangen, and Wen Jiabao.

At the meeting, Deng Xiaoping made a speech. He said: "The general principle for the Army is upholding the party's absolute leadership over the Army. We should not deviate from the principle at any time or under any circumstances. Deviation from the principle means trouble to the state and turbulence to society."

Deng Xiaoping Discusses Four Longstanding Problems in the Army

Deng Xiaoping said: The Army is still facing its four longstanding problems. Twelve years ago, I discussed the problems at an enlarged Military Commission meeting, and today I will again present my views on the problems as a veteran party member and soldier. The first problem is that we should overcome organizational bloating. Without this, the modernization of the Army and the improvement of its combat capability will be out of the question. In the last few years, we have made achievements, but we were too slow and dilatory in achieving that goal. We must quicken our steps. The echelons of leadership must be determined and a timetable worked out. The second problem is structural reform. This is related to the overcoming of organizational bloating. The enlistment and retirement of officers from military service should be improved and executed on a constitutional basis. This is a formidable task and should be put on the agenda of the Military Commission, the three general departments, and various arms of services and military districts. We must work hard to form a new common practice in this regard and carry it out on a constitutional basis. The third problem is military training and cultural improvement. It is necessary to elevate military training to a strategic position. Mastery of knowledge of modern war and skills to operate modern arms and technology must be the first condition for assessing the promotion of military officers. It is necessary to attach importance to and create conditions for the building of military academies and schools. All military districts are encouraged to run more schools and offer classes for advanced studies as an important content of military training. The fourth problem is that we should strengthen political and ideological work and stop using the past vague and general Marxist-Leninist theories to do the work. In recent years, political and ideological work has been weakened. We should work well on soldiers' ideals, responsibility, obligations, discipline, and style. Veteran soldiers and members of a leading body should play exemplary roles. This is of crucial importance.

Deng Xiaoping's speech has been conveyed to various military regions, military academies and schools, and cadres at the departmental level and above as a special document of the General Office of the Central Military Commission.

Military Commission Leaders Visit Defense University

OW0812083392 Beijing XINHUA Domestic Service in Chinese 1224 GMT 2 Dec 92

[By reporter Liu Huinian (0491 0932 1628)]

[Text] Beijing, 2 Dec (XINHUA)—The entire Central Military Commission [CMC] today visited the National Defense University [NDU] to take part in a forum at the Faculty of National Defense Studies and listen to the students' views on army building and reform.

CMC Chairman Jiang Zemin, Vice Chairmen Liu Huaqing and Zhang Zhen, and members Chi Haotian, Zhang Wannian, Yu Yongbo, and Fu Quanyou sat in a circle with the students and listened to their remarks. The CMC leading comrades frequently joined in the discussion.

Jiang Zemin made an important speech. After talking freely about the current international and domestic situations, he emphatically pointed out that a correct understanding of the current international situation is the starting point for military cadres, particularly the senior cadres, to effectively implement the general and specific policies set by the CMC. They should, in the light of the changed situation, study the new circumstances and new problems in military modernization, improve the quality of troops, and implement the guidelines of the 14th CPC National Congress as well as various CMC policies and decisions in an effort to open up a characteristically Chinese way of building an efficient army. Jiang Zemin urged leading military cadres at all levels, especially the senior cadres, to carry forward the fine traditions of our party and army and strengthen self-improvement under the new historical conditions. At present, it is particularly important to effectively promote clean administration, lead a plain life, work hard, and unite as one, so as to contribute efforts to military modernization.

Students of the postgraduate Faculty of National Defense Studies consist of leading military cadres at or above the level of army commander as well as leading comrades of relevant ministries and commissions under the State Council and of provinces, municipalities, and autonomous regions. So far the faculty has admitted 11 classes of students. The present class focuses on the study of such special topics as the current strategic structure around the world and the developing trend, and analysis of China's security environment. After several months of research, they have submitted a number of valuable advisory reports to the State Council and the CMC. At today's forum, seven representatives of the students won the CMC leading comrades' attention with reports on their research and study.

Jiang Zemin and his fellow CMC leading comrades posed for a group photo with the students and research instructors before the forum. After the forum, they went to the dormitory to pay the students a cordial visit and then had lunch with them at the faculty canteen.

Zhu Dunfa and Li Wenqing, respectively new president and political commissar of the NDU, presided over today's forum.

Jiang Addresses Officers

OW0212154892 Beijing XINHUA in English 1456 GMT 2 Dec 92

[Text] Beijing, December 2 (XINHUA)—Jiang Zemin, general secretary of the Communist Party of China (CPC) and chairman of the Central Military Commission, met today with a group of ranking Army officers who are now studying at the National Defense University.

In his speech the party general secretary stressed that Army officers, especially senior ones, should have a full understanding of the current international situation so as to carry out properly the policies of the Central Military Commission.

Army officers should study the new changes and problems in the Army's modernization drive in the present changing situation, Jiang said.

Jiang urged Army officers at all levels, especially the higher ranks, to carry forward the good traditions of the party and the Army so as to strengthen the building up of the Army.

At present, the Army should pay greater attention to anti-corruption efforts, work hard and unite as one to make more contributions to the Army's modernization drive, the party chief stressed.

Also present at the meeting were Vice-Chairmen of the Central Military Commission Liu Huaqing and Zhang Zhen as well as members of the commission Chi Haotian, Zhang Wannian, Yu Yongbo and Fu Quanyou.

The meeting was presided over by Zhu Dunfa and Li Wenqing, who recently replaced Zhang Zhen as the president and political commissar of the top Army school respectively.

Birth Anniversary of Marshal Liu Bocheng Marked

Deng Writes Title of Biography

OW0412021192 Beijing XINHUA Domestic Service in Chinese 1323 GMT 3 Dec 92

[Excerpt] Beijing, 3 Dec (XINHUA)—*The Biography of Liu Bocheng* was published recently to mark the 100th birth anniversary of Marshal Liu Bocheng. Deng Xiaoping wrote the title of the book. [passage omitted]

Jiang Attends Seminar

OW0412114692 Beijing XINHUA Domestic Service in Chinese 1411 GMT 3 Dec 92

[By reporter Liu Huinian (0491 0932 1628) and correspondent Jiang Wenming (1203 2429 2494)]

[Text] Beijing, 3 Dec (XINHUA)—Marshal Liu Bocheng's birth centennial will fall on 4 December. To recall Marshal Liu's meritorious deeds and to study his military theory and contributions to the formation and development of Mao Zedong's military thinking, the Academy of Military Sciences of the People's Liberation Army [PLA], the National Defense University, and the China Society of Military Sciences have begun a joint seminar on military theory in Beijing in commemoration of Liu Bocheng's birth centennial.

Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, attended the opening ceremony and met Comrade Wang Ronghua, widow of Marshal Liu, before the seminar. Comrade Bo Yibo attended and addressed the seminar.

Marshal Liu Bocheng was a prominent proletarian revolutionary and military strategist of our party. He was also one of the founders of the PLA and the PRC.

The inscriptions of leading comrades Jiang Zemin, Liu Huaqing, and Zhang Zhen were read at the opening ceremony. Jiang Zemin's inscription reads: "Maintain the legacy of Comrade Liu Bocheng's military theory and advance our cause of military modernization." The inscriptions of Liu Huaqing and Zhang Zhen respectively read: "A paragon in commanding and administering troops," and "A modern-day version of Sun Wu [short form for ancient military strategists Sun Wu and Wu Qi] whose exploits in military theory have shone through the ages."

Comrades Qin Jiwei, Zhang Wannian, Yu Yongbo, Fu Chuanyou, Wang Ping, Xiao Ke, and Chen Xilian attended the opening ceremony. Zhao Nanqi, the new commandant of the Academy of Military Sciences, presided over the opening ceremony, while Zhu Dunfa, commandant of the National Defense University, delivered an opening speech.

Zhang Zhen, vice chairman of the Central Military Commission, spoke. He said: Few people at home or abroad can rival Marshal Liu Bocheng's skills in military command and his accomplishments in military theory. A major contributing factor in the formation and development of Mao Zedong's military thinking, Marshal Liu's military theory is an important part of Mao Zedong's military thinking and serves as an important and practical guide to our current military modernization drive and our future military operations. He stated: We are currently experiencing a period of new and high technology development in army building. We are faced with the important task of strengthening the study of military

sciences. We should diligently study the military theory of Marxism-Leninism and Mao Zedong's military thinking, study the experience in army building and military operations summed up by the military strategists of the older generation, draw upon the experiences of foreign countries in military theory and operations, and explore the laws of military buildup and people's warfare under present conditions. In conducting research into military sciences, we should emancipate our minds, gear our efforts to military units, serve the needs of army building, follow Marshal Liu's example, pay attention to the study of measures on issues of practical significance, and better serve the needs of national defense construction, army building, and future military operations. We should promote democratic practices in academic circles, implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," and constantly improve the study of military sciences.

Zhang Zhen said emphatically: The 14th national party congress set the tasks and goals for building socialism with Chinese characteristics during the next period. To the military, this means implementing Comrade Deng Xiaoping's thought on army building during the new era in accordance with the general requirements of "political reliability, military competence, a fine work style, strict discipline, and effective logistics operations" put forward by Central Military Commission Chairman Jiang Zemin. This can be accomplished by making genuine efforts to build our armed forces into a strong pillar of the people's democratic dictatorship, a great wall of steel in defense of socialism, and an important force in building socialism with Chinese characteristics. He asked people to rally closely around the party Central Committee and the Central Military Commission with Comrade Jiang Zemin at the core, to work hard in unison to open up new prospects for army building, and to make joint efforts to accomplish various tasks set by the 14th National Party Congress.

Other participants at today's seminar included leading comrades from the PLA general departments and major military units stationed in Beijing. Marshal Liu Bocheng's relatives, his old comrades-in-arms, and representatives of military units that used to be under his direct command also attended the seminar as invited guests.

It is understood that the seminar will continue, and participants will present research papers on Liu Bocheng's military theory. The seminar will close on 5 December.

Chi Haotian Addresses Centennial

OW0612055992 Beijing XINHUA Domestic Service in Chinese 1115 GMT 4 Dec 92

[By RENMIN RIBAO reporter Luo Maocheng (5012 5399 1004) and XINHUA reporter Wang Wenjun (3769 2429 0193)]

[Text] Chengdu, 4 Dec (XINHUA)—The Sichuan Provincial CPC Committee and the Sichuan Provincial Government today cosponsored a grand meeting in Kai County, the hometown of Marshal Liu Bocheng, to mark the centennial of the birth of Comrade Liu Bocheng.

A ceremony to unveil the bronze statue of the late marshal and to mark the completion of the memorial hall in commemoration of him also took place at the same time today.

The name of the hall—"Comrade Liu Bocheng Memorial Hall"—was personally written by Comrade Deng Xiaoping.

Comrade Jiang Zemin wrote this message for the hall: "Emulate Comrade Liu Bocheng's lofty revolutionary spirit, thinking, and moral character."

The full-figure, four-meter tall statue of Marshal Liu Bocheng is erected on a two-meter high pedestal. The statue is a gift from the Central Military Commission.

At the request of the CPC Central Committee and the Central Military Commission, Chi Haotian, member of the CPC Central Committee and member of the Central Military Commission, made a special trip here to attend the commemoration. Attending the commemoration were leading members of departments concerned of the CPC Central Committee and the Central Military Commission, some Red Army veterans, some elderly comrades, and representatives of all walks of life, totaling more than 1,000 people. Chi Haotian; Yang Rudai, secretary of the Sichuan provincial party committee; and Zhang Gong, political commissar of the Chengdu Military Region, unveiled the statue and cut the ribbon to inaugurate the memorial hall. Xiao Yang, deputy secretary of the Sichuan provincial party committee and vice governor of Sichuan, chaired today's meeting.

Addressing the commemoration meeting, Comrade Chi Haotian said: Comrade Liu Bocheng was a loyal fighter of the Chinese people, a great revolutionary and strategist of the proletariat, and an outstanding party, state, and military leader. During his long revolutionary life, Marshal Liu Bocheng worked cautiously and conscientiously and never stopped advancing. He rendered exceptional services to the liberation cause and socialist construction of the Chinese people. Comrade Liu Bocheng was utterly loyal to the party cause, he fought all his life for the liberation of the Chinese nation and the revitalization of the motherland, and he was deeply respected and loved by the whole party, the whole Army, and the people of the whole country. When we commemorate and emulate Comrade Liu Bocheng today, we should inherit and carry forward the party's fine traditions, earnestly study and master Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, firmly adhere to the party's basic line, unite as one, work hard, and strive to achieve the grand objective set by the 14th CPC National Congress.

Liu Taixing, Marshal Liu's oldest son, read the letter to the meeting by Comrade Wang Ronghua, widow of Marshal Liu.

General Logistics Department Head Stresses Honesty

OW0112125192 Beijing XINHUA Domestic Service in Chinese 1415 GMT 30 Nov 92

[By XINHUA reporter Cao Zhi (2580 2535) and Central People's Broadcasting Station reporter Meng Fansen (1322 4907 2773)]

[Text] Beijing, 30 Nov (XINHUA)—Addressing a recent enlarged meeting of the party committee of the General Logistics Department, Fu Quanyou, who was newly appointed member of the Central Military Commission and director of the General Logistics Department [GLD], stressed that, as a leading body of logistics work and a department under the Central Military Commission in charge of housekeeping and managing monetary matters, the GLD must take the lead in carrying forward the fine tradition of our Army and set an example of building an honest and clean administration for the whole Army's logistics work.

The enlarged meeting of the GLD's party committee was held especially to study how to implement the "Central Military Commission Decision on Carrying Forward the Fine Tradition and Strengthening the Building of an Honest and Clean Administration." The meeting conducted concrete analysis of the situation of the efforts made by the GLD and its affiliated organizations to build an honest and clean administration by integrating such analysis with actual conditions and especially drew up measures for the GLD to implement the Central Military Commission's "decision." The "measures" include eight articles that provide a series of regulations governing the necessity for party committees and organs to be strict with themselves in observing discipline; strictly carry out the policy on cadres and enforce discipline among cadres; strictly prohibit cadres from bypassing their immediate leadership to approve funding and material appropriations; strictly forbid the abuse of power for personal gain; improve the management of production and business operations; resolutely rectify formalism; and pay close attention to seeing to it that policies and measures are implemented in a down-to-earth manner.

Fu Quanyou stressed: Developing a socialist market economy will certainly expedite expanding the productive forces and provide even more solid material conditions than before for us to build the Army. As the system for a market economy is gradually established, the Army's logistics departments must persist in attaching equal importance to two types of work at the same time when they collect goods and materials for supply to relevant units. On the one hand, they must continue to rely on the main channel of supply by the state, and on the other hand, they must be bold to participate in the

market and do a good job of extensively collecting goods and materials through various channels. After they participate in the market for collecting goods and materials, there will be more occasions of receptions, luncheons, and dinner parties day by day. Under the circumstances, the party committees and leading comrades at all levels must pay close attention to building an honest and clean administration; educate all cadres to correct their thinking that it does not matter much if they have some good times and give and take some small gifts on the occasions mentioned above; maintain honesty by starting with the most trivial gifts and most insignificant receptions, luncheons, and dinner parties; check erroneous ideas at the outset; and resolutely put an end to the practice of bribery and taking bribes. All GLD personnel must become good managers trusted by the Central Military Commission and by officers and men of the Army units.

Fu Quanyou, 62, was born in Yuanping County, Shanxi Province. He was appointed responsible military officer at various levels and took part in China's War of Liberation and the war to resist U.S. aggression and aid Korea. Before assuming the present positions, he was successively commander of the Chengdu Military Region and the Lanzhou Military Region. He was promoted to lieutenant general in 1988.

Jilin's He Zhukang Addresses Militia, Reserves Forum

SK0512124592 Changchun Jilin People's Radio
Network in Mandarin 2300 GMT 4 Dec 92

[Text] On 3 December, our province sponsored a forum on encouraging the militia and reserve forces to contribute to improving the province's economy. Comrade He Zhukang attended and addressed the forum.

By the end of November, the units of 1 million militia and reserve troops throughout the province established 733 enterprises by following the principle of improving local economic construction. The people's armed forces departments and reserve forces regiments at county and township levels established 968 economic entities. A large number of export-oriented products were sold to fraternal provinces or foreign countries.

Comrade Zhou Zaikang, member of the provincial party standing committee and commander of the provincial military district, delivered a report at the forum on the work done in a previous period. He pointed out: We should regard the spirit of the 14th CPC Congress as a motive force in the future and should grasp the work of improving the economy by putting the work at a strategic position. Efforts should be made to vigorously operate township enterprises chiefly run by militia forces and to establish the economic entities of maintaining the armed forces by engaging in labor work. In line with the target of fostering socialist market systems, a good job should be emphatically done in operating the tertiary industry. All militia and reserve forces should enhance their leadership over the work, to improve their work style, to

perfect their plans, to boldly assume responsibility, and to continuously deepen the work of improving the economy.

Comrade He Zhukang said in his forum speech: By closely following the fighting targets set by the provincial party committee and the provincial people's government regarding improving the province's economy by working hard in the coming three years, the provincial military district has successfully organized or mobilized the militia and reserve forces throughout the province to be vanguards or to take the lead in developing township enterprises and the tertiary industry. They have grasped well, quickly acted, and achieved good results. Their success has played a certain promoting role not only on the armed forces front but also on all fronts throughout the province. He emphatically pointed out: The military personnel's vigorous establishment of township enterprises and tertiary industry with the encouragement of the provincial military district is not only in accordance with the characteristics of running local militia and reserve forces but also meets the needs of local economic development. Comrade He Zhukang ardently urged comrades in his speech to further emancipate their minds; to change their minds; and to foster the spirit of bold thoughts, attempts, actions, and advancements. He also urged them to find out more ways and means to grasp the work on a long-term basis. Meanwhile, he also urged local leading personnel at all levels to vigorously support the armed forces departments to open township enterprises, to develop tertiary industry, and to carry out the task of maintaining the armed forces by engaging in labor work so as to create fine conditions and a good environment.

Xinjiang Military Figure on Army 'Historic Mission'

OW0712141792 Urumqi XINJIANG RIBAO in Chinese
19 Nov 92 p 2

[Article by Pan Zhaomin, political commissar of the Xinjiang Military District: "Undertake the Historic Mission Entrusted to the Military by the 14th Party Congress"]

[Text] The 14th National CPC Congress included efforts to strengthen the Army and increase our defence capabilities as one of the ten major tasks for national reform and development. It has placed very high expectations and made strict demands on the Army, with special emphasis that the Army should duly perform its functions, play a proper role as a strong pillar and steel wall, as well as a builder and defender of socialism. This fully demonstrates the great importance the Party Central Committee has attached to the Armed Forces.

The history of the Chinese revolution has proven that "without the people's army, the people will be deprived of all that they have." Only by paying great attention to the building of national defence and making efforts to create a secure and stable environment can we ensure

and safeguard the smooth implementation of the policies of reform and opening up and economic construction. To undertake the historic mission entrusted by the 14th party congress, the Army must, first and foremost, properly study and understand the theory of building socialism with Chinese characteristics. This theory is the great banner that has cemented relations between the whole party, the whole Army and the entire people of all nationalities in the country; it is also the fundamental task of the Army's political work. In the course of reform and development, we may be influenced by things practiced by rightists, but principally, it is the conventional practices of "leftists" that hamper our mental emancipation. As far as the Army is concerned, it cannot overlook the "leftist" influence. Currently, an important manifestation of the "leftist" influence in the military camps is noticeable in the fact that some comrades still harbor certain misgivings about some reform measures, and they tend to label things as acts of "socialism" or "capitalism" and question one system or the other. On the critical issue of mental emancipation, the theory of building socialism with Chinese characteristics is just like a "golden key" that will enable us to distinguish the right from the wrong, and clear all our doubts and misgivings. We have to firmly apply the theory to unify the understanding of our officers and soldiers, to build the Army's morale, and continuously wipe out the obstacles that hamper our understanding of new things and events and that hinder our efforts in blazing new trails in our course of moving forward. Only then can we remain unshakable in our convictions and in our actions while fulfilling the functions of the Army in giving support and protection to the cause of reform and opening up, as well as to economic construction.

Adapting ourselves to the new situation arising from reform and opening up to the outside world and doing a good job in the reform and development of the Army itself constitutes an important guarantee for our Army's properly fulfilling our sacred duties and responsibilities.

The Army units stationed in Xinjiang are defending one-sixth of our country's land and more than 6,400 kms of our borders, which adjoins nine other countries. This is an extremely arduous task. With various units widely scattered about, and the presence of so many outposts over such an extensive boundary, coupled by difficult communications and the inclement local climate, defense conditions are unusually tough. The troops stationed in ethnic minority areas are shouldering great responsibility in safeguarding the unification of the motherland and unity among the various nationalities. All these are making even more stringent demands on the Army for its own reform and development. We must, in accordance with the unified arrangements made by the Central Military Commission, and meeting the standards of being "qualified politically, competent militarily, armed with a fine work style, capable of maintaining strict discipline and assuring adequate logistical support," as well as following the principle of always striving to "improve the troops' quality, organize combined units and achieve high effectiveness," actively and

steadily carry out adjustment and reform to further improve the Army's quality and strive to produce crack troops with Chinese characteristics. We must steadfastly educate and train concerning the importance of strategy, focus our attention on military training, emphasize performing our duties in border defense, and strive to improve the combat effectiveness of our troops in an all-round way, and enhance their capability of engaging in combat operations and coping with sudden events and disturbances under modern conditions. It is necessary to strengthen Army- building, adhere to the principle of managing the Army according to law and strict discipline, establish a sound system with proper laws, rules and regulations, and see that work in various aspects falls onto a normal development track.

We must persist in building our Army in a diligent and frugal manner; making vigorous efforts to launch productive operations, increase our revenues and reduce our expenditures, raise the economic efficiency of our military undertakings, strengthen our logistics support, lighten our country's financial burdens, solidly establish a sound ideology among our combat teams, and actively do a proper job in combat readiness in order to provide a firm and an effective security guarantee to our reform and opening up and economic construction.

The reform of our Army should be carried out under the unified leadership of the party's Central Committee and the Central Military Commission and should represent self-improvement in the building of our people's Army. Whatever course the reform may take, the nature and aims of the people's Army, as well as the principle of Army-building with "the party commanding the guns," and the close relations between the soldiers and the people of all nationalities will never change. In the course of enhancing Army reform and development, we must unswervingly adhere to the principle of absolute leadership by the party over the Army, consciously submit ourselves to and serve the interests of the overall situation of the country's economic construction, and actively support and participate in reform and opening to the outside world, as well as in the modernization drive. Army units stationed in Xinjiang can boast of a glorious tradition in giving support to local economic construction, and of having made outstanding contributions to national development and the construction of Xinjiang. At present, Xinjiang is seizing opportunities arising from oil exploration, the opening of the bridge linking the Asian and European continents, as well as the preferential policies offered by the Central authorities. It is adopting the overall strategy of treating the boundary line at the border as the front line, the areas along the railway line as the backup force, and of treating the cities along the "two lines" as focal points by combining the points and the lines, with the points leading the lines and the whole area in Xinjiang, and with a radiative effect in our bid to open to the outside world. Army units stationed in Xinjiang must be imbued with greater enthusiasm and must initiate more activities and do something more worthwhile to support Xinjiang's efforts

to open to the outside world and to develop its economy. We must be more positive in taking the initiative in getting involved in all things that are conducive to speeding up reform and opening up of the autonomous region, and that will bring well-being to the border areas and the people of all nationalities. In particular, with the current implementation of ongoing key projects, including the construction of a dual-track railway linking Lanzhou and Xinjiang; the ethylene project in Dushanzi, oil exploration, and transportation and communications projects. We must bring into full play the advantageous position of the Army, and render whatever manpower and material support is available in order to accelerate the pace of Xinjiang's economic development and opening to the outside world.

One of the important tasks for Army units stationed in Xinjiang in supporting and participating in Xinjiang's reform and opening up and its economic construction is to actively support the development of border ports and its peripheral trade. Presently, there are 14 ports in Xinjiang that are open to the outside world, making it the province with the largest number of border ports open to the outside world. Not long ago, the Xinjiang Military District, in the light of increasing border trade following the increased number of open border ports, formulated the "Guidelines for Further Strengthening Border Defense and Actively Contributing to Xinjiang's Reform and Opening Up and Economic Development," and has provided guidance for the broad masses of officers and men in border defense to earnestly perform their duties and responsibilities. It is necessary for Army units in various border points to adjust to new situations, to firmly establish a two-pronged consciousness toward reform and security, and consciously combine their efforts in safeguarding national security and promoting reform, opening up and economic development. They must continuously carry out reform and improve the system of border administration and of performing their duties, actively take part in border work, vigorously support the construction of port facilities, enthusiastically help in promoting border trade and providing the relevant service and protection. We must create an environment for opening up marked by "high efficiency, civilization, unimpeded communications and safety" through cooperation between the Army, the police and people in the border areas, in order to ensure the smooth progress of the opening up of the border areas and border trade, and to make new contributions to the development and the prosperity of the autonomous region.

Economic & Agricultural

Article on Economy's Response to GATT Entry

HK0512025392 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 46, 16 Nov 92 pp 12-15

[Article by Ren Long (0117 3891): "The Impact of the Restoration of GATT Status on China's Economy"]

[Text] For historical reasons, China, one of the founding signatories to the GATT, suspended its relations with the organization for 40 years.

At a three-day meeting of the 11th session of GATT's China Working Group, held in Geneva in the latter half of October, efforts to resume such relations have entered a substantive stage.

According to the most optimistic predictions by relevant people, China will hopefully reenter GATT early next year.

The influence exerted by this on the Chinese economy will be extensive. After China restores its status as a GATT signatory, it will be able to enjoy the rights granted to it, and, at the same time, will have to perform its bounded duties. In other words, China will be provided with opportunities as well as confronted with challenges.

Rights, Interests, and Opportunities

To sum up, the opportunities will cover roughly the following aspects:

—Comprehensively participating in international economic affairs. GATT, the IMF, and the World Bank have tremendous influence on global economic development. These three major international economic organizations are closely linked to coordinate international economic affairs, and a number of loans granted by the IMF and World Bank are related to trade. The restoration of GATT signatory status will greatly enhance China's right to speak and initiative in world's affairs, especially in international trade, which will be conducive to China's participation in formulating statutes that have a momentous impacts on international trade. Obviously, this is of vital significance to improving the external environment for China's foreign economic development and enhancing its position in international trade.

—Expanding export trade. After reentering GATT, China's export goods will enjoy most-favored-nation [MFN] status from other GATT signatory states. Compared with bilateral MFN treatment, this multilateral MFN treatment is more stable, with a broader scope, and without any time limit. Since reform and opening up, the total volume of China's import and export trade has risen from tens of billions of U.S. dollars to more than 100 billion U.S. dollars, of which the volume of trade with GATT member countries accounts for nearly 90 percent of the total. If China recovers its seat in GATT, not only will it enjoy the preferential treatment among signatory states, but it will be able to request tariff concessions from other signatory parties for its products with tremendous benefits for exports. This will help China expand its export trade and place more Chinese products in world markets. Moreover, it is an important way for China to bring about diversified export markets.

—Opposing trade protectionism and improving trade treatment. Under conditions of intensified trade protectionism in Western countries, China's export trade has been unfairly treated in many ways. The restoration of China's seat in GATT can provide a certain degree of protection for China in its foreign trade development with the help of GATT's multilateral trade structure, and will enhance its negotiating position so as to more energetically discuss and solve trade disputes with other member countries and safeguard China's interests in foreign economic relations and trade.

—Promoting the development of various service sectors in China. At present, GATT negotiations have been extended to such fields as service trades, intellectual property rights, and investment. After reentering GATT, China will be able to better accelerate its development of tertiary industry, expand its overseas business, and enhance the development level of these industries. Moreover, it can deliberately adopt international standards to protect intellectual property rights and increase the confidence of foreign investors in China's economic system in order to boost the import of more foreign capital and facilitate technological exchange and cooperation.

—Enhancing the competitive power of China's industries. Through international competition, China's enterprises will be impelled to augment their motive force for technological transformation, improve their operations and management level, reduce costs, raise efficiency, and gradually approach advanced international standards in terms of product quality, function, grade, and others.

—Adopting international customary practices and statutes to give impetus to the development of China's foreign economic relations and cooperation. After reentering GATT, China's economic and trade system will be gradually brought into line with GATT's legal framework as well as other international practices and statutes, which will enable China to take greater initiative in the international economic activities in a bid to expand the range and raise the quality of its foreign economic and technological cooperation and exchange. At the same time, China will be urged to further perfect and amplify its economic laws, rules, and regulations; increase its transparency; and enhance its economic predictability so that foreign investors will have a better understanding of and full confidence in the China market and its economic development prospects. This will be conducive to attracting more foreign capital, importing advanced foreign technology and management expertise, and raising China's industrial level of technology and quality as a whole even more quickly.

—Introducing international market competitive mechanism to promote the establishment of China's socialist market economy. After reentering GATT, China's

economic activities will be conducted under the influence of both domestic and international markets, and enterprises will be faced with competition from these two markets. In these circumstances, enterprises must transform their operational mechanism as quickly as possible and raise their own quality so that they will be able to survive and develop. Applying the technical standards and price levels of the international market to let the superior win and eliminate the inferior will not only give impetus to China's economy but will also produce pressure or even a sort of impact on it. In this regard, China must accelerate its economic structural reform, which should be carried out comprehensively according to the requirements of large-scale socialized production from various aspects of the microeconomy and macromanagement, including enterprise operational mechanisms, finance, taxation, banking, investment, pricing, labor and salary systems, and so on in order to establish the operational mechanisms of a socialist market economy as quickly as possible.

—Participating more in the international division of labor so that China will be able to better utilize the two markets and the two kinds of resources to contribute to its domestic economic growth in the course of promoting economic development. Judging from the factors boosting domestic economic growth in the 1990's, the effect of promoting economic growth with domestic market demand in the 1980's was greatly weakened, and opening up new markets has become an important factor in developing China's economy. The restoration of China's signatory status in GATT will provide an excellent opportunity for China to explore the international market, and China will be able to make use of external demand to contribute to its domestic economic growth. An expansion of exports will create conditions for increasing imports. This will enable China to make the most of foreign resources to alleviate the contradiction of restricting economic development because of insufficient domestic resources.

Obligations and Adjustments

China should certainly undertake its due obligations after restoring its signatory GATT status. Judging from the present condition of negotiations, in order to undertake obligations, China should generally carry out adjustments and reform in the following eight aspects:

1. Reducing tariffs. At present, China's weighted and arithmetic average customs tariffs are 22.5 and 42.5 percent respectively. This is much higher than the tariff level for developed countries, and for developing countries as well. Hence, it is imperative to cut tariffs further.

2. Reducing the management scope of import permits. At present, 53 categories of products are controlled by import permits in China. The practice of import permits management goes against GATT regulations, which should be totally abolished according to requirements. However, considering China's specific conditions and

GATT's relevant clauses for protecting developing countries, China will be asked to gradually reduce commodities controlled by import permits by two-thirds within three years.

3. Simplifying the import examination and approval system for machinery and electrical appliances. Previously, in order to protect its domestic industry, China adopted an examination and approval system on import products, particularly for machinery and electrical appliances. This is out of keeping with GATT's free trade spirit. China will be asked to simplify and improve its work in this respect.

4. Unifying foreign trade policies between regions. At present, the gap between different regions with regard to foreign trade policies has caused strong repercussions among GATT signatory states. For instance, goods they export to China's open regions can enjoy tax reduction or remission, but taxes are levied on goods exported to the hinterland. The collection of other charges is not equally treated in different regions either. China will make necessary adjustments to this.

5. Unifying policies toward other countries. At present, in bilateral trade agreements between China and its principal trade partners, trade treatment granted to different countries is not the same. According to GATT's requirements, this should also be adjusted taking most preferential treatment as the criterion.

6. Abolishing discriminatory treatment of imports.

7. Making commitments to a timetable for price reform.

8. Increasing the transparency of foreign trade policies. GATT has reacted strongly to a lack of transparency in China's trade policies, and has asked China to publicize all documents concerning foreign trade and to refrain from implementing documents which have not been made public. GATT also requested, among others things, the disclosure of its internal procedures for examination and approval.

Challenges and Countermeasures

As viewed from the above aspects, after China reenters GATT, the protective shelter its domestic market and industries have practiced for years will be weakened, and China will therefore face the following three changes: 1) further opening its market; 2) domestic market prices gradually getting closer to international market prices; and 3) adjusting domestic economic policies and management structures in line with customary international practices.

To put it frankly, China's economy will be confronted with a series of unprecedented challenges under this situation.

First, the fluctuations of the world economy will become one of the essential elements having a bearing on the stability of China's economy.

At present, the degree of openness in China's economy—the percentage of total export volume in current GNP—has reached approximately 19 percent, which is not low considering what a big developing country China is. However, since the development model and policy measures adopted by China are by and large based on the circular flow of the domestic economy, the movements of the world economy has little impact on China's economy. After China restores its signatory status, its involvement in the international division of labor and its reliance on the world economy will be deepened and expanded correspondingly, and the scope and degree of influence on the domestic economy by the world economy will be noticeably increased. The short-term fluctuations of the world economy will first bring about a fluctuation in China's export income and proceed to affect production in the export-oriented manufacturing sector, thereby leading to fluctuations in the domestic economy. With regard to such changes, although countercyclical measures can be taken in the fields of finance, credit, exchange rates, and other policies, their applicable scope is still quite limited as shown by international experience. Moreover, because China has broadened its scope in utilizing foreign resources, the supply and demand relationship and price fluctuations in the international market will have a direct impact on China's domestic balance of supply and demand as well as price levels—as we usually put it, a greater possibility of "imported inflation." All this will weaken domestic economic stability.

Second, China's industrial departments and enterprises will face international competition directly.

If China wants to restore its seat in GATT, it must cut its tariffs by large margins and reduce nontariff measures. This means that China's industrial departments and enterprises will be confronted with more direct pressures from international competition.

With regard to scientific and technological levels, a big gap exists between China and the developed countries, especially in such mass machinery and electrical appliances as automobiles, color television sets, computers, cameras, videocameras, broadcasting and television equipment, communication equipment, and so on. Some of them have just begun to develop in China, so they still cannot compete with foreign products in quality and technical standards. Once the market is accessible to foreign goods, similar products from developed countries will inevitably flow into China market very quickly, causing Chinese products to be disadvantaged position, and the new high-tech industry will be the first to bear the blunt of buffeting by imports.

With regard to the price level, by comparing prices between Chinese and foreign products, China's industrial products, new high-tech products in particular, are on the whole more expensive than those in the international market, while energy, raw and semifinished materials, transport, public undertakings and labor service charges, and others are cheaper than international

market prices. For example, the price of sedans in China is approximately three times that in foreign countries, the price of domestic copiers is roughly 1.6 times that of similar imported products (including tax and charges), and the price of domestically made Minolta cameras is 1.75 times that of similar imported products (including tax and charges). Given these price levels, many domestic enterprises are still only in conditions of bare profits or are even making losses. Once the market is opened, protective high tariffs will be lowered on one hand and, on the other, energy, raw and semifinished materials, and transport, which are cheaper in China, will get closer to international market prices little by little, and production costs for domestic industrial products will rise. As foreign products have the dual advantages of price and quality, they will adversely affect China's young industries. Taken from the experiences of various countries, products whose prices are evidently higher than those on the international market will be the first to bear the impact caused by imports.

With regard to enterprises operational mechanisms, China's enterprises have been operating for a long time according to the requirements of a planned economic structure and have little knowledge of the operational rules of a market economy and the international regulations formulated on this basis. After reform for 10 years or so, although enterprises have changed their operational mechanism to suit the market, they still have very vague concepts on both the international and domestic markets. After China restores its seat on the GATT, a considerable portion of enterprises will have to face even more intense and complicated competition under conditions they have not yet adapted themselves to. Under such pressures, enterprises which have a fairly large size and certain economic and technical strengths will temper themselves and learn to swim in the vast ocean of the commodity economy, while those with smaller size and limited development capacity will fall into an unfavorable position, and some may even go bankrupt.

Third, it will be more difficult for China to upgrade its industrial structure.

According to international experiences, an increase in per-capita income and the elevation of a consumer demand structure are the driving force for upgrading a country's industrial structure. In the 1980's, the Chinese people achieved the objective of having enough food and clothing, and the consumer structure made great changes. Consumer demand for household electrical appliances as the main content brought about the large-scale import of production lines from abroad for color television sets, refrigerators, washing machines, and other consumer durables so that appropriate development was made in these trades. The rise of consumption contributed to upgrading the industrial structure, but this was only realized when the country adopted protective measures, including high tariffs and import permits. After China restores its GATT signatory status, it should lower its tariffs and relax its import restrictions.

The 1990's is also a period in which household electrical appliances will undergo a rejuvenating process in China. Products imported in the 1980's have lagged behind similar products from developed countries in terms of grade, function, and pattern, while new consumer durables have not been developed. However, various kinds of new-type durables have become mature in foreign countries for a long time. After China further opens its markets, these products will certainly pour in to take over the elevation of China's consumer demand in the 1990's and replace consumer durables designed in the 1980's. Thus, changes in China's consumer structure will form a cycle with foreign industrial structures, and upgrading the domestic industrial structure will be confronted with serious challenges.

Fourth, new contradictions in the foreign exchange demand and supply relationship will emerge, and difficulties in balancing foreign exchange will increase.

Over the past few years, China's foreign exchange reserves have been satisfactory. This is partly due to the achievements made in China's foreign trade, and partly due to the result of the state's strict control of imports and use of foreign exchange. According to GATT requirements, China must deliberately relax control on foreign exchange and imports, as well as reduce its import duties, which will provide conditions for import expansion in the future. Particularly in the wake of in-depth economic structural reform, local authorities and enterprises will have more and more foreign exchange at their disposal, their decisionmaking powers on imports will also increase, and rapid growth in imports will be a natural trend. As there will be large demand for imports, supplies of foreign exchange will fall short of demand.

In addition, after restoring its seat on the GATT, China will have to pay a greater price for its economic structural reform as some of reform programs have to be designed afresh.

Generally speaking, costs must be paid in conducting reform. In a bid to limit such costs within the bounds that society can tolerate, we should carry out some reform programs by stages in a planned way. To meet GATT requirements, China must quicken the pace of reform in some aspects, which will inevitably change the overall deployment of China's economic structural reform and require some reform programs to be put into practice ahead of schedule or have reduced time limits for completion. This may result in greater costs for reform because of the lack of coordination between various reform items. For example, if reform on prices, enterprises, and the foreign trade structure is carried out simultaneously, problems caused by too many fast price hikes and too many failing enterprises may crop up for a period of time. Another example is that the objective of price reform defined by China is to rationalize price relationships, which is being put forward on the basis of the domestic price system. However, this is not enough, because, after restoring GATT signatory status, the relationship with international prices should also be considered.

In short, the situation that China is facing today is that it has to take full advantage of the provisions permitted by GATT to protect its domestic industry on the one hand, and adopt positive measures to seize opportunities and meet challenges on the other.

So far as government departments are concerned, they should conduct readjustments in various fields through macroeconomic control with a view to creating a favorable environment for enterprise participation in international competition.

With regards to enterprises, the important thing is to have a clear understanding of the situation, change concepts, consider development under the big background of both the domestic and international markets, conscientiously analyze capabilities and gaps in international competition, and make positive strategic readjustments in specific operations.

Impact of GATT on Machinery, Electronics Sectors

HK0412121592 Hong Kong TA KUNG PAO in Chinese
4 Dec 92 p 4

["Special article" by staff reporter He Sui-yi (0149 4482 1837): "Impact of China's Entry into GATT on Machinery and Electronics Sectors"]

[Text] Guangzhou, 3 Dec (TA KUNG PAO)—Some people say that "China's entry to the GATT" will be a "blessing in disguise" for the country's machinery and electronics industry; others claim that it will deal an "added blow" to the development of China's machinery and electronics products. Where exactly is the future of China's machinery and electronics industry, which today makes up less than 1 percent of the world's total exports of machinery and electronics products, after "China's entry into GATT"? This has become a subject of great interests and intense study in relevant departments and trade circles in Guangdong.

Very Big Gap

Trade sources admit that, for decades, the starting point in China's planning and programs on the machinery and electronics industry have been directed toward the domestic market, which remains a very inadequate one. This kind of planned management structure is visibly at odds with GATT principles, hence there is no question that GATT will deal a heavy blow to this structure, which also includes a backward and weak machinery and electronics industry.

Looking at the current state of the industry, almost all of the new and emerging high tech products do not have the capability to compete with advanced products in the same category from overseas. Once the "protective wall" of the domestic market is torn down, highly sophisticated foreign machinery and electronics products with high added value, like calculators, video recorders, photocopiers, automobiles, motorcycles, color television sets

and color tubes, electronically controlled machine tools, broadcasting equipment, communications equipment, sophisticated processing machinery, and all kinds of industrial measuring devices will pour in and cause certain damage to some of China's new and high tech machinery and electronic products, which have just started and have not been molded into an industry of scale. Even though infant industries will be provided with four to five years of emergency protection, as provided for by the guarantee clauses, such protection cannot be maintained forever.

External Development

Moreover, some poor-quality enterprises, which engage in duplicate production for short-term profits, will be forced to suspend and shift production or even declare bankruptcy, while a number of enterprises will be confronted by nothing less than "death," requiring them to look for a new direction for development.

Some plant managers have already voluntarily offered to make concessions to some new and high tech industries, which can raise the general level of the machinery and electronics industry, as well as to some industries which suffer from a chronic lack of capital, by having them open up completely to the outside world and absorb the greatest amount possible of foreign capital for self-transformation purposes. Some persons in charge of departments also pointed out that policies should be formulated as soon as possible to support efforts by enterprises to set up factories, purchase plants, make investments, engage in joint ventures, and carry out cooperative and marketing operations outside the territory in order to encourage machinery and electronics enterprises to take part in the international division of labor and exchanges from all directions.

Trade sources noted that the main channels for exports are developing countries, particularly the markets of neighboring countries.

Lifting Price Restrictions

The traditional policy of "taking care of everyone" and eating from the same big pot, which is prevalent in the machinery and electronics industry, has begun to be discarded. Leaders from China's Chamber of the Machinery and Electronics Industry stated that it is necessary to restructure the organization of enterprises by encouraging enterprises to use brand names and excellent, unique, and new products as dragon heads; using superior enterprises as the core and setting the improved allocation of resources as its goal; support merger associations between enterprises; and accelerate the rational flow of assets among enterprises and the pace of their structural reorganization by making full use of contracting by enterprises to enterprises, leasing of enterprises by enterprises, as well as the share holding system.

Experts pointedly stated that the prices of most machinery and electronic products in China are higher

than similar products from overseas, a fact which causes continuing duplicate production and the importation of products in demand, and this also keeps domestic market prices disproportionate and uncompetitive vis-a-vis prices in foreign markets. It is the view of experts that market mechanisms should be introduced into price reform and restrictions on the market prices of domestic machinery and electronic products basically lifted, and all kinds of irrational price increases should be abolished so that domestic prices will gradually come to the same level as prices of imported products. Efforts should be made to crack down on smuggling and control the impact of illegally imported products on the domestic market so that locally manufactured products will have breathing space to raise their volumes and lower their prices.

Rule Encourages New 'Joint-Stock' Companies

OW0712140592 Beijing XINHUA in English 1239
GMT 7 Dec 92

[Text] Beijing, December 7 (XINHUA)—The Chinese Government has issued a new rule here today, which encourages setting up joint-stock companies in the government-run new and high technology zones across the country.

"Setting up stock companies is a major task of the country's high-tech zones," said Li Xue, vice-minister of the State Commission of Science and Technology, at a press conference, explaining the new rules issued jointly by his commission and the State Commission for Restructuring the Economy.

"And it will be instrumental for meeting the requirements of a market economy and setting up a mechanism which is consistent with the international economic practice," Li noted.

According to the rule, any of the country's large and medium-sized high technology enterprises can start a stock company with the approval of the government.

"Overseas corporations or foreign-funded corporations in China can also become a share-holder if they transfer high and new technology to the stock company or else they can use their new technology as their share to enter the company," said Li.

Considering the high percentage of high technology in the enterprises, Li said, the stock companies can register non-visible capital as high as 30 percent as their registered capital.

Talking about the existing high-tech enterprises that want to become stock companies, Li said that such enterprises can award those employees who have made outstanding contributions to the enterprises by giving them individual shares.

Regulations on Foreign-Funded Retailers Noted

HK0712135192 Hong Kong CHING CHI TAO PAO in Chinese No 45, 16 Nov 92 p 19

[From the "China Economic News" column: "New Regulations Outlined on the Experimental Establishment of Foreign-Funded Retail Enterprises"]

[Text] The State Council recently ratified the establishment of experimental foreign-funded retail enterprises in Beijing, Shanghai, Tianjin, Guangzhou, Dalian, Qingdao, and five special economic zones; and made the following provisions on the form of funding, scope of business, limits of authority regarding import and export, and taxation:

- The enterprises in question shall be operated as joint ventures or cooperatives, and independent investment is not acceptable for the time being.

- Local governments shall submit projects to the State Council for ratification and the eligibility of the Chinese and foreign parties involved shall be examined and acknowledged by the Ministry of Commerce.

- The scope of business shall be confined to general merchandise retail and import and export. Permission is withheld for the enterprises in question to engage themselves in commercial wholesale, or act as import and export agents.

- Import commodities shall be confined to the category of general merchandise that a given enterprise sells by retail, and its annual volume of import shall not exceed 30 percent of its total retail volume of the same year. Ratification procedures in accordance with the relevant state regulations are necessary for the import of home electrical appliances, cosmetics, cigarettes, alcohol, and beverages. Export of Category 1 commodities is not allowed.

- Taxation shall be executed in accordance with the state tax policy toward foreign-funded enterprises in the localities where the enterprises in question are respectively located.

- The prices of commodities with regard to purchase and sale can be set by the enterprises on their own accord unless otherwise provided by the state or local price control authorities. With permission of the state foreign exchange control authorities, sellers of imported commodities may demand payment in foreign exchange certificates.

Quality of Export Products 'Improving Rapidly'

OW0812035392 Beijing XINHUA in English 0229
GMT 8 Dec 92

[Text] Zhengzhou, December 8 (XINHUA)—Since 1989 the quality of China's products for export has been improving rapidly, according to a work conference on

quality control in foreign trade, which ended Monday in this capital of central China's Henan Province.

Commodity inspection of China's export goods shows that between January and August this year 98.13 percent of the exports meet the clients' standards, 0.6 percent up on the figure for last year.

To improve the quality of exports, China has instituted a quality licensing system with regard to exported machinery, electronics, clothing, textiles, ceramics and toys.

According to statistics provided by the State Commodity Inspection Bureau, during the first eight months of the year the quality of grain, edible oil, foodstuffs and light industrial products continued to rise.

To eliminate counterfeit goods, the department of commodity inspection strengthened its inspection work while meting out severe punishments to makers and sellers of fake and substandard goods.

In March next year the country's foreign trade departments will hold an exhibition in Beijing at which both top-quality and counterfeit products will be displayed at the same time.

Government Accelerates Enterprise Autonomy

OW0512210592 Beijing XINHUA Domestic Service in Chinese 1142 GMT 27 Nov 92

[By RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and XINHUA reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 27 Nov (XINHUA)—According to information released by the State Council Economic and Trade Office today, various localities and relevant departments under the State Council across China have considerably accelerated their work on implementing the "Regulations on Changing the Operational Mechanisms of State-Owned Industrial Enterprises" and have reported realistic progress in their work. Some localities and departments have taken effective measures, have done actual work, and have made new breakthroughs in implementing the "Regulations."

It has been learned: Since the closing of the national meeting on changing enterprise operating mechanisms, and particularly after the 14th CPC National Congress, various localities and departments have enthusiastically studied and publicized the "Regulations." Moreover, by using mass media and conducting various promulgation activities, including training classes and forums, they have also integrated the implementation of the "Regulations" with the study and implementation of the 14th CPC National Congress guidelines, Deng Xiaoping's important speeches during his tour in south China, and a series of policies issued by the CPC Central Committee and the State Council on improving large- and medium-scale state enterprises. They have effectively publicized

the "Regulations." Various localities and departments have made smooth progress in formulating comprehensive rules and stipulations on implementing the "Regulations" and have made new breakthroughs in their work. Shandong Province has formulated and formally published its rules and measures on implementing the "Regulations," after making meticulous stipulations and supplementary amendments on relevant important issues and crucial links in the "Regulations." Shandong Province has also reported new progress in its work. By upholding the principle of pursuing breakthroughs, applicability to various localities, and feasibility, Jilin Province has made some breakthroughs in formulating measures on implementing the "Regulations." The breakthroughs have been in eight areas, including enterprise self-decisionmaking powers, operating methods, and leadership systems. Localities and departments that have already formulated measures on implementing the "Regulations" include Shanghai municipality, Fujian and Henan Provinces, and more than 10 departments under the State Council. In addition, the State Council's relevant departments have agreed on a set of comprehensive rules and stipulations regarding 25 aspects for implementing the "Regulations," and the work on its formulation is progressing expeditiously.

In their work on implementing the "Regulations," various localities and departments have made realistic progress in changing government functions and delegating enterprise self-decisionmaking powers: Jilin Province has made 452 proposals to delegate powers to lower levels. Heilongjiang Province's 14 departments have made specific proposals to delegate powers to enterprises, including more than 70 suggestions from the labor bureau and finance department. The State Planning Commission has decided to improve the compilation and administrative work on plans for 1993, including production, circulation, fixed assets investments, foreign trade, and labor wages; it has reduced the planned indicators for agriculture, industry, materials and equipment, and commerce directly under its jurisdiction by 37 percent. The People's Bank of China has formulated specific loans, principles, and policies on reducing and exempting loan interests, such as preferential treatment for five types of enterprises [wu you xian 0063 0327 0341] and refusing loans to eight types of enterprises [ba bu dai 0360 0008 6313] so as to support industrial restructuring. The State Administration for Commodity Prices has revised and republished the directory of price administration over the means of production, communications, and transportation; the State Administration of Commodity Prices and other relevant departments have reduced the number of commodity prices under their administration from 737 to 89. The China National Nonferrous Metals Industry Corporation has decided, without any reservations, to totally delegate to enterprises all 14 rights designated as belonging to enterprises in the "Regulations" stipulations.

To smoothly implement the "Regulations," various localities and departments have been comparing the

"Enterprise Law" and the "Regulations" and have been screening other documents. The State Administration of Commodity Prices, the Ministry of Machine-Building and Electronics Industry, the Ministry of Metallurgical Industry, and the Ministry of Textile Industry have screened and abolished a large number of documents and administrative rules and regulations. Meanwhile, besides implementing the "Regulations," various localities have generally paid attention to trying experimental models and summarizing experiences so as to carry out work in an all-around manner. Shanxi Province has chosen Taiyuan and 21 enterprises as preliminary experimental models, and Shanxi's other prefectures and cities have also selected 50 enterprises as experimental projects. Provinces such as Hebei and Fujian have expanded their experimental projects to improve the general contracts on production input and output. At present, a large number of enterprises across China have been included in the list of experimental enterprise models for implementing the "Regulations."

While analyzing the current problems facing the implementation of the "Regulations," the State Council's Economic and Trade Office pointed out: First, in addition to unbalanced progress, the implementation has not been effectively conducted. A small number of localities and departments have slowly and superficially carried out their work; have produced mostly empty rhetoric but little in-depth work; have maintained a wait-and-see attitude; and have yet to produce any innovative measures. A phenomenon exists whereby the following is true to varying degrees: The subordinate will wait and see how the superiors will act; specialized departments will await the comprehensive departments' actions; and enterprises will await administrative government departments' actions. Second, individual localities and organizations have not clearly specified and designated a division of labor for performing various implementation tasks, resulting in overlapping functions that are detrimental to implementing the "Regulations." Third, some external conditions for changing enterprise operating mechanisms have not yet ripened; consequently, certain enterprises are not confident enough to make the move.

The State Council Economic and Trade Office urged various localities and departments to formulate, as soon as possible, comprehensive measures, rules, and stipulations for implementing the "Regulations," which are to be published and implemented before the end of January 1993. They should expeditiously and successively screen, amend, or abolish measures, rules, stipulations, and documents that do not conform with the "Regulations." It is necessary to earnestly reform in an all-around manner: We should closely integrate the change in enterprise operating mechanisms with the change in government functions, with the development of market system, and with the establishment and improvement of a social security system; and all these tasks should be undertaken simultaneously. Furthermore, while implementing the "Regulations," we should conduct in-depth investigations and studies, earnestly and properly handle good

exemplary models, and promptly exchange information and experiences regarding the implementation process.

The State Council's Economic and Trade Office stressed: We should strengthen the work on inspecting, enforcing, and supervising the "Regulations" implementation. In the first quarter of 1993, the State Council Economic and Trade Office will organize and send inspection teams to various localities to check on the "Regulations" implementation. We will promulgate good experiences and commend well-performed localities and departments; however, we will also point out and criticize those with poor performances and will stick on and severely handle other typical models that have violated the "Regulations" stipulations.

More Say in Consumer Prices Given

HK0712150792 Beijing RENMIN RIBAO in Chinese
22 Nov 92 p 2

[By Wang Yijun (3769 0001 6511): "State Administration of Commodity Prices To Grant Enterprises Greater Decisionmaking Power on Prices of Light Industrial Products"]

[Text] The State Administration of Commodity Prices has decided to relegate to enterprises the power of pricing a number of industrial consumer goods, including color television sets and detergents. Presently, only nine categories of light industrial products are left under the price control of the State Administration of Commodity Prices and other related state departments.

The State Administration of Commodity Prices has revised the "Catalogue of Light Industrial Products With Prices Under the Control of the State Administration of Commodity Prices and Other Related State Departments (1992 edition)," promulgated early this year. The new catalogue will be officially promulgated soon.

Through revision, nine kinds (categories) of light industrial commodities will come under the price control of the State Administration of Commodity Prices, of which three categories are industrial consumer goods, including salt, some medicine, "seven newspapers and one journal" at the central level, and textbooks for tertiary and secondary education; six kinds (categories) of raw materials for light and textile industries, including raw materials for cigarettes, northern newsprint, and wood pulp, some synthetic materials, reeled silk, some silver and gold products, and their related charges and rates. Relegated to enterprises is the power of pricing six kinds (categories) of industrial consumer goods, including color television sets, detergents, and white cotton fabric, along with 26 kinds (categories) of raw materials for light and textile industries.

11 Container Ships To Go Into Operation in 1993*OW0612022692 Beijing XINHUA in English 0132
GMT 6 Dec 92*

[Text] Beijing, December 6 (XINHUA)—China's ocean shipping fleet will be reinforced by 11 modern container vessels next year, according to the Ministry of Communications.

The country's ocean shipping industry has been growing fast. In the first ten months of this year, vessels under the China Ocean Shipping Company handled 78.08 million tons of cargo, meeting 90 percent of its annual cargo handling quota.

China has now become a major ocean shipping giant in the world, and its container fleet now ranks fourth internationally although container transport started only a short time ago.

Ships carrying the Chinese national flag now visit 1,100 ports in more than 150 countries and regions.

It is reported that Chinese ships handled 200 million tons of import and export commodities and 119,000 passengers in 1991.

Improved Sailors' Skills To Increase Earnings*HK0612045792 Beijing CHINA DAILY (BUSINESS
WEEKLY) in English 6 Dec 92 p 1*

[By Wang Ya: "School for Sailors To Help Raise Earnings"]

[Text] China's export of sailors on the world labour market would be enhanced if the nation had more high-ranking ship officers available, the government says.

A top Chinese foreign trade official said the lack of highly skilled sailors has dampened the country's competitiveness in the world market for sailor exports.

Chen Yongcai, director-general of the Foreign Economic Co-operation Department of the Ministry of Foreign Economic Relations and Trade (Mofert), said China is raising a substantial amount of money to set up the country's first college for high-ranking mariners, like captains.

The college is expected to be located in Tianjin.

In the past, China's export of seamen has been a major source of foreign exchange.

China has supplanted the United States, South Korea and Japan as the world's leading exporter of seamen.

"But the lack of captains and other top-ranking sailors have incapacitated China when it comes to contracting a whole ship," Chen said.

To snare the contracts for a whole ship means more income than failing to do so.

China clinched \$140 million worth of contracts for its export of sailors in the first 10 months this year, which amounts to 15 percent of total labour exports for the period.

Approximately 12,000 sailors are currently working overseas, mainly in Hong Kong, Japan, South Korea, Greece, Singapore and Taiwan.

This is 10 percent of China's total workers overseas.

"But most of them are ordinary sailors taking on low-level tasks," said Chen.

In many cases, Chinese seamen are at the discretion of captains from other countries and regions.

China's skills shortcoming, though not at a critical stage yet, could be exacerbated by the republics of the Commonwealth of Independent States (CIS), which are starting to export their mariners for the first time.

Chen said China's biggest advantages lies in the fact that it has a long history of sea transportation and its prices are much lower than rivals such as the Philippines and India.

Chen predicts China's seamen exports will jump in a couple of years as more skilled, high-level officers become available.

The envisioned Tianjin training college will be financed by the State, companies and individuals and is expected to train only top marine officers.

The steady increase in the export of sailors has contributed to the growing income from China's total labour service, engineering contracting and investments overseas.

The total contractual value for the three categories involving labour exports exceeded \$5 billion through October this year.

And Chen said \$5 billion was the original goal for the whole year.

Last year, the total contractual value of labour exports was \$3.6 billion.

"The labour export has created more employment opportunities for Chinese workers," Chen said.

But he said Chinese workers will not attempt to linger in the importing nations or regions when their contracts expire.

New Agriculture Commission Reportedly Planned*HK0812104192 Hong Kong CHING CHI TAO PAO in
Chinese No 48, 7 Dec 92 p 25*

[From the "China Economic News" column: "State Agriculture Commission To Undergo Reorganization Next Year"]

[Text] Reliable sources report that plans are afoot to reestablish a State Agriculture Commission because of the inability of the Ministry of Agriculture to cope with the demands of agricultural management and coordination.

In the late 1970's, China set up an Agriculture Commission which was then abolished in 1982. The present Ministry of Agriculture originated from the old Ministry of Agriculture, Animal Husbandry, and Fisheries, and serves not only as the State Council department in charge of comprehensively managing industries like farming, animal husbandry, aquatics, and township and town enterprises, but it is also the department which coordinates the macroeconomic management of the rural economy.

Among the existing government organs in China, commission- and ministerial-level organs like the State Planning Commission and the State Council's Economic and Trade Office are half-a-level higher than the Ministry of Agriculture, and their primary officials are either State Council vice premiers or state councillors. Therefore, the Beijing authorities believe that the reestablishment of an Agriculture Commission will be conducive to the coordination of relations with ministries which are related to agriculture, such as the Ministry of Commerce and the Ministry of Textile Industry. Sources at the Ministry of Agriculture also believe that the creation of an Agriculture Commission will contribute to a redistribution of profits.

An unresolved issue is: Should the present Ministry of Agriculture be upgraded to an Agriculture Commission, or should such a commission be built upon the Ministry of Agriculture? The Ministry of Agriculture believes the first option is more appropriate.

Official Praises National Grain-Producing Centers

OW0812090192 Beijing XINHUA in English 0839
GMT 8 Dec 92

[Text] Beijing, December 8 (XINHUA)—The 274 national commodity food grain producing centers built during the 1980s have contributed greatly to the sustained growth in grain output during the past decade, an Agriculture Ministry official said here today.

Duan Jianchang, an official in charge of the national grain-producing centers under the Ministry of Agriculture, said that with only one fifth of the nation's farmland, the 274 centers have accounted for about one fourth of total grain output in China in the past several years.

During the eight years since 1983, both the central and local governments have invested 720 million yuan (about 126 million U.S. dollars) each in the 274 national grain-producing centers.

The investments have been used to build projects for water conservation, farming technique know-how, improved seed variety production centers and other farm services.

The centers are mainly located in northeast China, north China and the upper and middle reaches of the Yangtze River, the country's leading grain-producing regions, and suburbs of some big cities and areas in certain provinces and autonomous regions which cannot produce enough grain for their own consumption.

With nearly 174 million farmers, the total farming area in the 274 grain production centers has reached 19.6 million ha, accounting for 20.7 percent of the country's total.

The centers have produced 399.2 million tons of grain in the past eight years since 1983, which is enough for the consumption of one billion people for an entire year.

The official said the grain output growth rate for the centers is much higher than for other farming areas, adding that half of the nation's increased grain output came from the centers.

The centers were designed to increase the country's grain output and balance production geographically so as to reduce transportation of huge amounts of grain from grain-rich regions to grain-deficient areas, said Duan.

However, it remains a huge task for China, which has limited undeveloped fertile land, to achieve its targeted 500 million tons of grain in the year 2000 from the present 420 million tons.

The national grain-producing centers can play an important role in realizing the government's goal, said the official, adding that the centers can also be a good example to other areas in the country's agricultural modernization drive.

Problems, such as low profit for grain production, still exist, Duan said.

Grain Purchasing Falls Victim to Fund Shortages

HK0812083292 Beijing CHINA DAILY in English 8
Dec 92 p 4

[By Wang Xiaozhong: "Grain Purchase Bugged Down by Fund Shortage"]

[Text] The central government is racked by a grain purchasing problem, not that grains are in short supply as it used to, but that the State simply does not have enough money to buy them from farmers.

This has greatly disturbed farmers in many rural areas.

Believing in the notion that "agriculture is the basis of national economy" or "no stability without grains," the government is reluctant to relinquish control over grain prices and still dominates the purchase and retail of most grains.

The government has been bogged down by a shortage of funds since the mid-1980s. Many State buyers—grain companies under the Ministry of Commerce—must hand over IOU notes to farmers instead of cash when buying their products. There are also reports of farmers who were only paid with certificates of deposit from banks, which cannot be cashed immediately.

The problem becomes increasingly serious as money gets tight in rural areas. And after the summer harvest, some farmers and government departments started calling 1992 the worst year yet.

IOU notes are widely used in many areas. If farmers in some areas now accept IOUs, it is only because in some other areas, grain companies have gone so far as to refuse to buy their grains at all.

According to a report from the Ministry of Commerce, the government needs 60.5 billion yuan (\$11 billion) to carry out its purchase plan for this year's autumn grains. Until the end of October, however, State-run grain companies under the Ministry of Commerce had only 10.7 billion yuan (\$1.95 billion) at their disposal, a shortage of 49.8 billion yuan (\$9.05 billion).

Stimulated by Deng Xiaoping's South China tour early this year, the country's economy has expanded dramatically. Rapid economic development in cities has not only swallowed bank loans there but also attracted large amounts of funds from rural areas.

It is not uncommon in rural areas that the special loans prepared for purchasing grains at preferential rates are shifted by local governments to other uses, such as development of township enterprises and construction of economic development zones.

But funds are never a problem for a profitable industry. Grain companies are short of cash because they are in an awkward position of making little money.

Grain companies under the Ministry of Commerce, born out of governmental departments, are now allowed to do their own businesses, but they are still obliged to buy all the grains the government has ordered. They are also required to sell these grains at the same fixed price at which they buy them.

Of course, they can receive State subsidies for doing this, but to fulfill the task, they must look for help from banks.

China has had good harvests in recent years, but the sale of grains has stayed sluggish, too. Grain stockpiles have blocked grain companies' money circulation.

Despite the fact that the government keeps urging increases of production, some grain varieties are already in surplus, such as xiandao, a kind of high-yielding long-grained nonglutinous rice that is widely cultivated in China.

Farmers tend to plant this variety for its high yield, but it is difficult to sell because of its poor quality. When grain companies, as required by the government, continue to buy the variety of rice with their granaries already stuffed they become even more bogged down.

According to statistics from the Ministry of Commerce, because of a sluggish market, 33 billion yuan (\$6 billion) worth of grain sold by the grain companies had not been paid by the end of September, 20 percent more than the same period last year. In fact, many companies knew clearly that they might never get paid when they gave out the grain, but at least they were able to empty their granaries. They also do not have to pay loan interests or be afraid that the grain will go bad.

What is worse, the Ministry of Finance also has a tight budget and usually delays the subsidies to companies.

By the end of last September, the Ministry of Finance owed grain companies 43 billion yuan (\$7.8 billion) in subsidies, an increase of 5.8 billion yuan (\$1.1 billion) over September last year.

With these situations, the Agricultural Bank of China (ABOC), the commercial bank which should play the most significant role in funding the grain purchase, can't help hesitating when giving loans to grain companies. If branches of ABOC could be free from administrative orders, most probably they would refuse to loan any more money to the State-planned grain business.

In fact, many ABOC county branches have reduced their loans and raised the interest rates of specialized loans.

Despite the gravity of the problem, however, the government's grain purchasing plan of this year is expected to be fulfilled on time only because of the strict administrative measures the government has taken.

The State Council has urged all concerned departments to give support to grain purchasing. All other work should give way to it, according to the State Council.

The Ministry of Finance has also given out all its funding for the year.

The People's Bank of China (PBOC), the country's central bank, has decided to allocate 35 billion yuan (\$6.4 billion) in special short-term loans. It also urges commercial banks to guarantee the grain purchase by "tapping potentials."

Strict supervision measures have been adopted to ensure that "these loans will not be shifted to other uses," said Zhang Yafen of PBOC. "But we are a central bank. We cannot solve the grain purchasing problem every year by extending money under administrative orders," Zhang said.

Her words hit the mark. In fact, the problem still remains as the grain companies suffer from a more than 40 billion yuan (\$7.3 billion) deficit.

Commercialization of the grain business may be a good way to relieve the pressure on the government and banks. Zhang disclosed that the PBOC will start a feasibility study early next year.

But "it will be very difficult for the reform to make progresses," she said.

Farmers' income is one of the most sensitive problems in China. It is not likely that the government will make substantial changes in the near future. And it seems that whatever measures the government takes, it will risk the benefits of the country's 800 million farmers, who are still vulnerable to market fluctuations.

East Region

Anhui CPC Session Sets New Economic Targets

OW0812102992 Beijing XINHUA in English 0956
GMT 8 Dec 92

[Text] Hefei, December 8 (XINHUA)—The Fifth Anhui Provincial Committee of the Communist Party of China (CPC) held its eighth plenary session on November 24-28, at which new targets for economic development in the province were set.

Information from the meeting showed that in the following six years, the gross national product (GNP) will keep increasing at a rate of 10-12 percent per year. The GNP of this east China province will reach 160-188 billion yuan (about 28-32 billion U.S. dollars) in the year 2000, 5.5 to 6.8 times that of 1980, according to fixed prices.

By 2000 the financial income of the province will be between 13.2 and 17 billion yuan, which will show an increase rate of 9.7 to 12.4 percent a year.

To achieve these targets, the meeting decided to further develop agriculture and stress high quality, yield and efficiency. Efforts should be made to step up the growth of agriculture, forestry, animal breeding, side occupations and fisheries.

In readjusting the industrial structure the province will mainly promote advanced, value added, and highly profitable products.

It will speed up the construction of state-level modern industries in the fields of machinery and electronics, light industry and textiles, iron and steel, cement, petrochemicals, heavy chemicals, nonferrous metals and energy.

Other steps the province will take include introduction of advanced technology to enterprises.

To get more returns from the tertiary industry, Anhui will concentrate on improving commodities circulation, tourism, transportation and telecommunications, comprehensive social services in rural areas, financial insurance, real estate and information consultancies.

In the following eight years a comprehensive transportation network and information transmission network will be established.

New highways and rail arteries, harbors along the Yangtze River, and some airports and local air companies will be opened.

All cities above the county level will install program-controlled telephones with 80 percent of the telephones in rural villages switching to automatic.

A complete post and telecommunications network will be set up covering all the regions in the province.

It will put 250 million yuan into coal mining construction and by the year of 2000 the total installed capacity of the power plants will reach nine to ten million kw.

Anhui will try to collect more investment for its development: from the state, collectives, individuals and especially from overseas.

To take advantage of state preferential policies, it will focus on the development of two cities—Wuhu and Hefei.

The province will also strictly control the population growth and strengthen family planning projects.

To establish a multi-functional and open market network which will include markets for commodities, capital funds, technology, labor, information and real estate, enterprise management will be transformed.

From the next year the control of the prices of grain and edible oil will be lifted. Farmers will be allowed to trade their own harvests at market prices.

With the aim of joining international markets, an export-oriented marketing system will be set up which will promote export-based industries and agriculture, rural and overseas-funded enterprises, and international economic cooperation.

A new science, technology and education mechanism will come into operation to fit in with the market economy. Approval of private schools will be simplified in accordance with the change of government functions.

Jiangsu Party Committee Adopts Resolutions

OW0712134392 Nanjing XINHUA RIBAO in Chinese
21 Nov 92 p 1

[Text] The Sixth Enlarged Plenary Session of the Eighth Jiangsu Provincial CPC Committee was held in Nanjing 16-20 November 1992 with the attendance of 34 committee members and six alternate members. Attending the session as observers were members of the provincial advisory and discipline inspection committees; responsible party comrades from the provincial People's Congress, the provincial committee of the Chinese People's Political Consultative Conference, and the provincial military district party committee; and principal responsible comrades from various cities, counties (cities, prefectures), provincial departments, and units directly under the provincial party committee; secretaries of party committees in colleges; and responsible comrades of some large and medium-sized enterprises.

The plenary session conscientiously studied documents from the 14th party congress. It maintained that the 14th party congress, guided by Comrade Deng Xiaoping's theory of establishing socialism with Chinese characteristics, earnestly summed up the great practices and basic experiences of the past 14 years since the Third Plenary Session of the 11th CPC Central Committee; endorsed the consistent upholding of the party's basic line for a

hundred years and the establishment of a socialist market economic system as the objectives for economic restructuring; ascertained strategic measures for a certain period in the future; and called for further emancipation of the mind, the seizure of favorable opportunities, and the acceleration of the pace of the reform, opening up, and modernization drive to secure even greater success in the struggle for socialism with Chinese characteristics. It was an important milestone in the party's history in carrying forward the cause and forging ahead into the future. Vowing their unanimous support of the newly elected central collective leadership, attending comrades vowed to place the study of the guidelines set by the 14th party congress on top of their current work schedules; to lead party members and the masses across the province in seriously studying the 14th party congress documents, to arm themselves with the theory of establishing socialism with Chinese characteristics; to creatively implement the guidelines of the 14th party congress by closely linking them with realities; to uphold the party's basic line more voluntarily; to seriously study the theory of a socialist market economy coupled with the energetic exploration and mastery of laws related to the socialist market economy; to accelerate the pace of reform, opening up, and economic development; and to make new contributions in establishing socialism with Chinese characteristics.

The plenary session endorsed the report presented by Comrade Shen Daren on behalf of the provincial party committee standing committee, entitled "Conscientiously Carry Out the 14th Party Congress Guidelines To Secure New Victories in Reform, Opening Up, and Economic Construction in Our Province," maintaining that the report's analysis of Jiangsu's situation is in compliance with the realities and the missions identified in the report for reform and construction in the 90's and the work demands for next year are both practical and workable. It also endorsed Comrade Chen Huanyou's speech on economic work. Party organizations at various levels should conscientiously implement them in consideration of practical conditions prevailing in their own localities, departments, and units.

The plenary session maintained: For the year under review, encouraged and spurred by Comrade Deng Xiaoping's important talks made during his inspection tour to the south and the guidelines set by the Central Committee's Political Bureau plenary session, the province has entered a new stage of accelerated economic development, reform, and opening up, with new looks emerging in various sectors and favorable trends and momentum prevailing in various fields of development. Based on the congress guidelines and Jiangsu's realities, the pace of Jiangsu's economic development in the 90's should be maintained at a level higher than the national average. With enhanced efficiency and improved structure, the average gross national product should increase from 10 to 12 percent annually, realizing the target of a four-fold increase in GNP ahead of schedule in 1994 and the securing of an eight-fold GNP increase by the year

2,000—with a per capita GNP of about 6,000 yuan. By then, people throughout the province should be able to lead a fairly comfortable life while other localities already enjoying better conditions, including southern Jiangsu and areas along the Chang Jiang, basically achieve their modernization aims. To realize these goals, it is necessary to accelerate reform by shaping the basic framework of the socialist market economic system, speeding up opening to the outside world by basically creating a situation with export-oriented economy as its focus, hastening scientific and technological advancement by basically establishing an industrial structure with new and high technologies playing a leading role, and quickening the development of social undertakings by basically shaping a situation in which economic construction and social undertakings simultaneously thrive.

Noting that 1993 will be an important year for us in fully implementing the 14th party congress guidelines and in securing the realization of goals set for the 1990's, the plenary session urged party organizations at various levels throughout the province to further emancipate the mind, renew concepts, persist in taking economic construction as focus in establishing a socialist market economic system, quicken the pace of reform and opening up, and maintain a good momentum in accelerated economic development. It also called for a strengthening of the basic status of agriculture, a reform of the mechanism for buying and selling agricultural products, an adjustment of the rural economic structure, the development and enhancement of village and town enterprises, the overall rejuvenation of the rural economy, the adjustment of the industrial products mix, the intensification of enterprise reform, the speeding up of technological transformation, the strengthening of operational management, and efforts to raise economic efficiency. It is necessary to accelerate infrastructure construction to ensure the successful implementation of key projects, be bolder in developing tertiary industries by improving their structure and developing their market mechanism, energetically promoting scientific and technological advancement, attaching importance to the training of qualified personnel, and commercializing scientific research achievements by translating them into productive forces. We should solidly push reform ahead, speed up the transformation of enterprises' operating mechanisms and the change of government functions, hasten the establishment of both market and service mechanisms, accelerate a package of reform involving the distribution and social security system for the creation of a general environment favorable to the establishment of new mechanisms. Further efforts should be made to open wider to the outside world, implement more development projects, and push work related to foreign trade, foreign funds, and foreign economy to a new level. In addition, we should actively promote the development of the seven cities along the Chang Jiang and four cities in northern Jiangsu, making sure at the same time that regional economies are developed in a coordinated manner. It is important to conscientiously

do a good job in party-building, strengthen and improve party leadership, promote party style and clean government, persist in undertaking two tasks at the same time, bring out the leading and central role of the party in the socialist modernization drive, and energetically promote the socialist democratic legal system and spiritual civilization.

Based on the relevant congress guidelines, the plenary session accepted the provincial advisory committee's work report and its recommendation to discontinue the provincial advisory committee. The plenary session further maintained that, in the past eight years since its inception, the provincial advisory committee, in upholding the party's basic line, has been active in carrying out its work revolving the provincial party committee by presenting constructive views and reflecting actual conditions after in-depth investigation and study. Such services were important to the provincial party committee in making a series of major decisions and the building of both the material and spiritual civilizations in the province. The plenary session expressed its heartfelt gratitude and high respect to members of the provincial advisory committee and veteran comrades and vowed to continue valuing their services, hearing their views, and—as always—showing concern about their work, studies, and lives.

The plenary session called on party members, Communist Youth League members, workers, peasants, intellectuals, the broad masses of cadres, people's armed forces, various democratic parties, people's organizations, and patriotic personages without party affiliations throughout the province, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the leadership of the party's Central Committee with Comrade Jiang Zemin as its nucleus, to emancipate the mind, lift the spirit, and practically and solidly implement the congress guidelines in an all round way. Let us fight for the realization of the magnificent goals set by the 14th party congress and the achievement of new victories in our province's socialist modernization drive.

Shandong Governor Issues Financial Work Directives

SK0812080592 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Dec 92

[Excerpt] On the evening of 7 December, the provincial people's government held a telephone conference to urge various relevant departments at all levels to adopt more effective measures to emphatically do a good job in grasping the financial revenue at present; to ensure the realization of a financial balance in the year; and to create more favorable conditions for accelerating the reform, opening up, and economic construction in the province as a whole.

During the telephone conference, the opinions of Zhao Zhihao, deputy secretary of the provincial party committee and governor, with regard to doing a good job in

conducting the financial work at present were first relayed. Zhao Zhihao pointed out: Since the beginning of this year, the whole economic situation throughout the province has been very good and laid a solid foundation for the financial work. However, judging from the current financial situation, revenues are not very ideal. By the end of November, the financial revenue only showed a 9.12-percent increase that is not very identical with the economic situation and is abnormal. Zhao Zhihao stressed: Our province is totally able to show a more than 12 percent increase in financial revenues this year. Whether we can meet the demand and realize a financial balance throughout the province represents a test for governments at all levels and for the work in various fields as well as an important sign in testing whether our work and work style can meet the new situation of developing the socialist market economy.

Li Chunting, deputy secretary of the provincial party committee and vice governor of the province, delivered a speech at the telephone conference. He said: There is only less than one month left this year. The key to whether we can meet the demand set by the provincial party committee and government with regard to ensuring an annual financial balance lies in whether we can boost our work in the coming some 20 days. Realizing a balance between revenues and spending constitutes not only a matter of finance but also a great issue having a bearing on the whole situation of economic and social development. By proceeding not only from consolidating or developing the current excellent situation but also from the demand of waging a decisive battle in fulfilling the Eighth Five-Year Plan to faster and better improve the economy to a new stage, all localities across the province should go ahead and have conditions in achieving a financial balance this year. [passage omitted]

Shandong Secretary Reveals Economic Plan

HK0812062292 Beijing CHINA DAILY in English 8 Dec 92 p 1

[Report of interview with Shandong Province Party Secretary Jiang Chunyun by staff reporter Zhu Ying-huang in Jiang's office in Jinan "over the weekend": "Shandong Sets Ambitious Plan for Development"]

[Text] Jinan—In another 20 years East China's Shandong Province will emerge as one of Asia's "better-developed regions" if its economy continues to grow at the current pace, according to Jiang Chunyun, the province's Party Secretary.

Jiang said his province's economy has maintained a growth rate above the country's average while keeping population growth under the average in the past 10 years.

During that period, the province's gross domestic product (GDP) has surged ahead at an annual rate of 10-12 percent, hitting 156.8 billion yuan (\$27.5 billion)

last year, second in the country after Guangdong Province. This year its GDP is estimated to rise by another 16.9 percent.

"With this momentum, our GDP in 1994 will be double that of 1990—six years ahead of our original target, and then by the year 2010, Shandong will be as economically developed as some advanced regions in Asia," Jiang told CHINA DAILY in an exclusive interview over the weekend in his office in Jinan.

The 62-year-old provincial Party chief was newly elected into the Political Bureau of the Central Party Committee at the 14th Party Congress held in October.

Jiang said his projection is based on the current pace of economic development, adding that the foundation has already been laid and a series of new policies taken to accelerate the reform and opening-up of the province.

Known as "the home of Confucius," Shandong used to be inward-looking and economically-underdeveloped. But in the last decade the province has become a new star shining over the lower reaches of the Yellow River [Huang He] and along the east coast.

Some local people have even commented, with a sense of pride, that "people looked to Guangdong in the 1980's, but they will watch Shandong in the 1990's."

"The last decade has seen the fastest development in Shandong's history," Jiang said, "but we are just beginning to roll."

When the provincial government sent a delegation to South China last April "to learn from Guangdong," they found their home lagging behind Guangdong in developing export-oriented economy. While Guangdong registered an export value of \$13.69 billion last year, Shandong only notched up \$3.83 billion, ranking fourth in the country.

The provincial authorities decided that in the next eight years priority will be given to accelerating the export-oriented economy and opening wider to the outside world.

So far cities and counties covering 40 percent of the province's total land and population have been designated as coastal open areas. The State Council has approved two economic and technology development zones in Qindao and Yantai and the establishment of five hi-tech industrial development zones in the province. A bonded area is being established in Qingdao and another is planned for Yantai.

In the first 10 months, the authorities approved, 2,928 foreign-funded enterprises, with a contracted foreign investment of \$2.62 billion, which is more than the total amount in the last 13 years.

Jiang listed energy, transportation, telecommunication, raw material industries and technical renovation of large and medium-sized State-owned enterprises as priorities for foreign investment.

In the next eight years, Jiang said, power supply will need the installment of another 10 million kilowatts, costing at least \$4 billion, half of which will come from foreign investors.

Shandong's 25 sea ports, including seven already opened, all need to be expanded so that its present 80 million-ton handling capacity will be doubled by the end of the century.

The province claims to have the best highways in the country, both in length and quality. A new 319-kilometre Jinan-Qingdao expressway is under construction and will be completed by the end of next year. According to Jiang, the project will cost 2.5 billion (\$420 million), but will shorten the travel time from the present eight hours to only 3.5 hours.

A new trend, Jiang said, is the growing foreign investment in real estate. The local government has earmarked 1,700 plots of land for real estate development.

For most of Shandong's 26,000 industrial enterprises above the county level, and for 1,100 large-and medium-sized State-owned ones in particular, the pressing problem is to reform their operational mechanism and update their products, and foreign investors have a special role to play in this field, Jiang said.

'Advanced' Power Plants in Shanghai Operational *HK0612050992 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6 Dec 92 p 4*

[By Chen Weihua: "Advanced Power Units Plugged In"]

[Text] China's two most advanced power generating units have been put into operation in Shanghai.

The Shidongkou Second Power Plant will have a total generating capacity of 120,000 kilowatts and supply one-fourth of the city's total power, said Hua Linyu director of Shanghai's Municipal Electric Power Construction Bureau.

The second 600,000-kilowatt generator, which was installed in the northeast Shanghai plant last week, is expected to reach its full capacity before the end of this year, said Guo Yuchao, director of the power plant.

The plant will be able to bring the second generator to its full capacity quickly because of its experience in handling the first unit, which took five months before it finally reached full capacity in June, Guo said.

Shanghai Shidongkou Power Plant is jointly funded by Huaneng International Power Development Corporation and the Municipal Government with more than 3.3 billion yuan (\$600 million).

The plant built China's first two 600,000-kilowatt generators with technology and equipment from ABB [expansion unknown], Sulzer of Switzerland, Combustion Engineering and Sargent & Lundy of the United States.

These are the two most advanced power generators in China, an expert said. They include an advanced automatic control system.

The power plant, together with four other power plants in Japan, France, Denmark and Brazil, recently won the 1992 International Powerplant Awards issued by Electric Power International, an influential American trade magazine, said Guo.

The plant borrowed most of its funds from Export-Import Bank of the United States and a Swiss bank. The project expects to be able to repay the loans thanks to electricity sales to the Shanghai Municipal Government over the first seven years of operation.

The first unit, which has so far generated more than 1.7 billion kilowatt hours of electricity in the past 200 days, already helped ease the city's severe electricity shortage this summer, Guo said.

Central-South Region

Guangdong Secretary Discusses College Reform

HK0812105292 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 30 Nov 92

[Text] This morning, provincial CPC Secretary Xie Fei visited South China Agricultural University, South China Teachers' University, and the Preparatory Committee of the private Guangzhou (Hualian) University to conduct investigations to discover the situation of educational reform in universities and colleges in our province. He listened to reports by responsible persons of these three universities on student recruitment, pay and conditions for teachers, teaching facilities, job assignments for students, courses offered, funds, and so on.

Xie Fei pointed out: Reform in universities and colleges in Guangdong must be geared to the needs of society, market, and the world. The target of reform must conform with the socialist market economy, the entire economic structural reform in our country, and Guangdong's modernization drive. The key issue in reform in universities and colleges lies in giving them more decisionmaking power for administering the education. In the meantime, relations between scientific research and teaching, and between universities and the society, must also be handled well. Xie Fei affirmed the private Guangzhou (Hualian) University. He said: This university has great potential. Since it is a new thing, it is necessary to make explorations. I hope that through practice, it can provide experience for reform in universities and colleges in our province.

Hunan Secretary Addresses Advisory Commission

HK0712144892 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 29 Nov 92

[Text] The provincial advisory commission held an enlarged plenary session 28-29 November in Changsha. The session relayed and studied the 14th party congress statement on amending the party constitution and the Central Advisory Commission work report. It also discussed and passed the provincial advisory commission's work report, and submitted it to the fifth plenary session of the sixth provincial committee for examination.

The meeting was attended by 43 persons, including Wang Zhiguo, Zhao Chuqi, and Shi Xinshan, vice chairmen of the provincial advisory commission; Zhang Wenguang, and Zhou Zhishun, members of the provincial advisory commission standing committee; Wan Da, Chen Yufeng, Liu Yanan, and Ding Wei, former leaders and members of the provincial advisory commission; and current members and organizing committee members of the provincial advisory commission.

Comrades Shi Xinshan and Wang Zhiguo presided over the morning meetings on 28 and 29 November respectively.

During the meeting, participants carried out enthusiastic discussions. In their speeches, they all agreed that the 14th party congress was an important meeting which inherited from the past and opened up the future. They said they would staunchly support various reports and resolutions passed by the 14th party congress, and resolutely support the newly elected central leadership organs. The 14th party congress, responding to the suggestion by the Central Advisory Commission, decided that after the 14th party congress, the Central Advisory Commission will be abolished. Everyone said they would resolutely support this decision.

Yesterday morning, the leading comrades of the provincial party committee in Changsha, including Xiong Qingquan [provincial party secretary], Chen Bangzhu [governor], Sun Wensheng [deputy provincial party secretary], Yang Zhengwu [deputy provincial party secretary], Dong Zhiwen [member of the provincial party committee standing committee], Pang Weiqiang [member of the provincial party committee standing committee], Yang Minzhi [member of the provincial party committee standing committee], and Zhu Dongyang [member of the provincial party committee standing committee], visited the old comrades who were attending the enlarged plenary session of the provincial advisory commission, and shook hands with each of them and extended greetings to them.

Provincial party Secretary Xiong Qingquan made an important speech at the meeting. In his speech, Comrade Xiong Qingquan praised the provincial advisory commission for the great deal of excellent work it has done over the last nine years since its preparation and establishment in actively supporting the provincial party

committee and serving as the political adviser and assistant to the provincial party committee.

He said: In the future, we must continue to let old comrades play a role; at the same time, I hope old comrades will continue to care for and support the work of the provincial party committee.

On behalf of the provincial party committee and government, Comrade Xiong Qingquan expressed the highest consideration to the old comrades of the provincial advisory commission and of its organizing committee.

Chen Bangzhu, deputy provincial party secretary and governor, also made an enthusiastic speech at the meeting.

Finally, Wang Zhiguo, vice chairman of the provincial advisory commission, made a speech. He said: In the future, we, the old comrades, must continue to maintain and develop the glorious tradition, and make contributions to Hunan's reform and construction and support the work of the provincial party committee.

After the meeting, the leaders of the provincial party committee posed for a picture with the members of the provincial advisory commission and old comrades.

Hunan Secretary, Governor Attend Plenary Session

HK0812002992 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 1 Dec 92

[Text] The enlarged fifth plenary session of the sixth provincial party committee began in the provincial hall yesterday. Chen Bangzhu, deputy provincial party secretary and governor, presided over the meeting. Xiong Qingquan, provincial party secretary, made a report entitled "Hold High the Banner of the 14th Party Congress, Advance Toward a New Stage of Hunan's Economy."

The main task of the enlarged plenary session is to profoundly study and implement the spirit of the 14th party congress with an eye on the province's actual conditions; examine and arrange current work and work in a certain period to come; mobilize the people in the whole province to hold high the banner of the 14th party congress, further emancipate the mind, enhance vigor, and do solid work; and, surrounding the building of socialist market economy system, expedite reform and opening up and advance toward a new stage of Hunan's economy.

Comrade Xiong Qingquan said in his report that since this year, various localities in the province have seriously implemented Comrade Xiaoping's southern tour speech and the spirit of the CPC Central Committee Political Bureau meeting. A new gratifying situation of great emancipation of the mind, great breakthroughs in reform and opening up, and great developments in economic construction and various undertakings has emerged in the whole province. In 1993, the first year in which we will thoroughly change into a socialist market

economy, our work should show big improvement. When the provincial party committee considers next year's implementation of the spirit of the 14th party congress, it sticks firmly to the goal of building a socialist market economy system, and strives for new breakthroughs in emancipating the mind, new measures for reform and opening up, new stages of economic development, and new situations of party building and other ideological work. When we study and implement the spirit of the 14th party congress, we must always grasp the basic problem of emancipating the mind and seeking truth from facts.

Xiong Qingquan said: The 14th party congress fixed the goal and model of building the socialist market economy system. The provincial party committee demands that now, and in the next several years to come, the province grasp several crucial links of the building of the new system, expedite reform and do solid work according to the ideas of three kinds of change and three kinds of expediting, and strive for progress toward a breakthrough. Three kinds of change means, first, changing the old concepts and habits guiding economic work; second, changing the operating mechanisms within state-run enterprises; and third, changing government function. The whole province will basically accomplish the task of changing government function and streamlining administration in three years. The reform of county and township organs in the whole province will have been basically completed by the end of next year. Three kinds of expediting mean expediting the building of market system, expediting the building of social insurance system, and expediting the building of collectivized services system.

Xiong Qingquan said that in the final analysis, implementing the spirit of the 14th party congress requires expediting the reform and opening up and economic development. After repeated deliberations, the provincial party committee and government decided to adjust the Eighth Five Year Plan and the 10 Year Program, to raise the originally fixed average 6.5 percent GNP growth rate to over 10 percent, to realize the quadrupling of the GNP three years ahead of schedule, and to enable the province's total economic quantity to rise from the current 11th position to 10th position in the country, so as to secure a place as one of the top 10 in the country. To realize this goal, it is necessary to do the following 10 major things:

First, with more courage and in faster speed, develop township and town enterprises. Second, expedite development of tertiary industry. Third, adjust and transform existing industries. Fourth, step up efforts to develop good-quality, high-output, and high-efficiency agriculture in order to increase agricultural returns and peasants' income. Fifth, enable individual and private economies to experience big development. Sixth, grasp the construction of five zones and one corridor, and view it as a strategic key point. Seventh, make a new step to expedite urban construction. Eighth, grasp construction

of the infrastructures, such as transportation, communications, and power. Ninth, give more play to the leading roles of science, technology, and education amid economic development. And, tenth, when expanding the opening up, vigorously canvass business, import funds, and develop an export-oriented economy.

Xiong Qingquan said that properly doing these 10 major things can enable our province to realize the goal of extraordinarily rapid economic development, and that doing them poorly can lead to the inability to realize the goal, and that therefore the leading comrades of the provincial party committee and government will clearly divide duties and practice the goal-related responsibility system, and announce the progress in these 10 major things to the masses in the whole province every year, as well as accepting inspection and examination by the masses.

Finally, Comrade Xiong Qingquan stressed that it is necessary to earnestly strengthen ideological, political, and organizational construction of the party according to the spirit of the 14th party congress and the demands of the new party constitution, so as to provide a firm political and organizational guarantee for our province's economy to scale new heights.

He said: In the course of reform, opening up, and development of a market economy, clean government building and building of the party's work style must always be grasped, and the anticorruption system must be very clear.

In his report, Xiong Qingquan also fully affirmed the work done by the provincial advisory commission since its establishment. On behalf of the provincial party committee, he expressed respect and gratitude to the old comrades.

The provincial party committee leaders who attended the meeting included Sun Wensheng and Yang Zhengwu [deputy provincial party secretaries]. Some 420 people, including members and alternate members of the provincial party committee; members of the provincial advisory and discipline inspection commissions; leading party-member delegates to the provincial people's congress; leading party-member members of the provincial committee of the Chinese People's Political Consultative Conference; leaders of units directly under the provincial authorities; and the people in charge of prefectures, cities, counties, large-scale mines and factories, higher learning institutes, and scientific institutes attended the meeting.

Southwest Region

Tibetan Notice Lists Cooperation Projects

OW0812062992 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 23 Nov 92

[Notice issued by the Tibet Regional Committee for Coordinating Foreign and Domestic Economic Cooperation on 21 November; from the "Tibet News and Information" program]

[Text] Tibet's first group of foreign and domestic cooperation projects aroused great interest among businessmen at home and abroad after they were publicized. The work of promoting these projects has been proceeding smoothly. Some projects are being carried out. To broaden the scope of foreign and domestic investment and cooperation in Tibet, we now announce Tibet's second group of foreign and domestic cooperation projects:

1. The Yulong Copper Prospecting and Mineral Processing Base

This projected base, located in Jomda County, Qamdo Prefecture, has all types of large mineral resource reserves. Its verified reserves include 6.5 million tonnes of copper, 150,000 tonnes of molybdenum, 17,000 tonnes of cobalt, and 8 million tonnes of sulfur. Its reserves of gold, silver, rhenium, bismuth, and minerals from the platinum family are equal to those of large and medium mines; and they can be collectively recovered. With just a little developmental preparation, the prospects for the base are bright and economic returns will be very noticeable. The project needs a total investment of 74 million yuan. After the base begins operations, it will yield 10,000 tonnes of refined copper ore annually. If each tonne yields 2,000 yuan of profits, the annual profits will reach 20 million yuan, not including the profits that can be made from gold and silver recovery. Developing and operating this base as partners is the preferred form of cooperation.

2. The (Zhangchangqaka) Ascharite Development Project

Reserves of ascharite, located in Gerze County in Ngari Prefecture, are Boron sediments from a former salt lake. The quality of the reserves are high and the huge reserves can be strip mined. The mine has verified reserves of 1.6 million tonnes, and its potential reserves are estimated at 2 million tonnes. The reserves are located two km away from the Nagu-Shiquanhe Highway. Research, planning, and other preparations for tapping the reserves have already been conducted; and technical achievements have been made in using Tibet's ascharite as a substitute for borate or lime borate imported from Turkey as [words indistinct] raw material. It is estimated that the reserves can yield 30,000 tonnes of ascharite, including 20,000 tonnes of ascharite powder and 10,000 tonnes of ascharite (?rock), annually. The project needs a total investment of 49.66 million yuan, including 36.66 million yuan for mine construction and processing facilities, and 13 million yuan for working capital. When the mine reaches its designed production capacity, it will have an annual revenue of 57 million yuan from sales, from which 13.54 million yuan will be spent for profit tax. Forms of cooperation include operating the mine or being a stockowner-investor, or receiving compensatory products.

3. Development of the Yangbajing Kaolin Reserves

Reserves of kaolin in the Yangbajing area are estimated at 20 million tonnes. The kaolin reserves, which are of high quality—good enough for (?coating) [gua dao tu bu]—have a high potential for development and exploitation. Being very close to the Yangbajing Geothermal Power Station and the Qinghai-Tibet Highway, energy supply and transportation services are readily available to the area. After the mine begins to operate, it can produce 10,000 tonnes of (?coating) materials and paints annually. The project needs a total investment of 25 million yuan, including 20 million yuan for fixed assets and 5 million yuan for working capital.

When its mining, dressing, and processing facilities reach their design capacity, the mine will have annual revenues of 10 million yuan from sales, from which some 4 million yuan will be used for paying profit tax. Forms of cooperation which are sought include developing the reserves by sharing investment or becoming stockowners through the contribution of needed technology and equipment.

4. Lhasa Woolen Textile and Carpet Dyeing and Weaving Plant in Lhasa

Being one of the five major pastoral areas in China, Tibet has rich yak hair and wool resources. Each year Tibet produces more than 8,000 tonnes of sheep wool, 453 tonnes of goat hair, 947 tonnes of yak wool, and 849 tonnes of yak hair. Strong and elastic, Tibet wool is an ideal raw material for high-trade carpet. Because of Tibet's geographic characteristics, Tibet goats produce fine, elastic hair. The raw material for internationally popular cashmere comes from Tibet.

Tibet's hand-woven carpets have a long history. Tibet-made carpets are well-known on the world market. However, Tibet's present carpet production technology is outmoded, and the output is too low to satisfy world market needs. To develop and exploit Tibet's wool and hair resources, plans are underfoot to build the Lhasa Woolen Textile and Carpet Dyeing and Weaving Plant. Each year the plant is expected to produce 1,500 tonnes of washed wool, 250 tonnes of carpet yarn, and 20,000 square meters of hand-woven carpets; and process 100,000 square meters of [word indistinct] carpets, comb 60 tonnes of yak or goat hair, comb 150 tonnes of woolen yarn, and embroider 20,000 square meters of carpet. The project needs a total investment of 55 million yuan.

After the plant goes into operation, its annual revenue will reach 51.72 million yuan from sales and it will pay 7 million yuan of profit tax. Forms of cooperation include investment sharing and operating the plant as partners, and independently funding the plant.

5. Lhasa Paper Mill in Lhasa

One of China's major forest zones, Tibet has rich timber resources. It has 1.4 billion cubic meters of timber reserves. Each year, about 30,000 cubic meters of timber and 1 million tonnes of bamboo can be recovered from Tibet's timber production and processed into pulp.

Moreover, about 2,000 tonnes of wastepaper can be recycled for paper making. Currently Tibet does not have a paper mill. According to estimates, Tibet needs at least 6,000 tonnes of paper products annually, and so the prospects for producing paper products with local resources are promising. This projected paper plant, with an annual production capacity of 5,000 tonnes of paper products, will primarily produce writing paper, tissue paper, and cardboard. The project needs a total investment of 20 million yuan. Its annual revenue will reach 11.5 million yuan from sales, and its annual profit tax will be 2.53 million yuan. Forms of cooperation include partnership through the sharing of capital, independently funded operation, or stockownership through the contribution of technology or equipment.

6. Nyingchi Pulp Plant in Nyingchi Prefecture [di qu]

Nyingchi Prefecture is located along the Sichuan-Tibet Highway in southwest Tibet. The prefectural seat, Bayi, is 420 km away from Lhasa. The prefecture, which is 3,100 meters above sea level on average, has a temperate and moist climate and rich forest resources. One of Tibet's major forestry zones, it has 39 million mu of woodlands and 410 million cubic meters of timber. Each year about 30,000 cubic meters of timber can be recovered from timber production and processed into pulp. Plans are underfoot to build a plant with an annual production capacity of 5,000 tonnes of pulp. The project needs a total investment of 22 million yuan, including 20.8 million yuan for fixed assets and 1.2 million yuan for working capital. After the plant is in operation, it can turn out 9.5 million yuan from production and will pay 1.5 million yuan of profit tax annually. Forms of cooperation include becoming plant stockowners through the contribution of capital, equipment, or technology; or operating the plant as partners.

7. Reconstruction of the Xigaze Prefectural Tannery in Xigaze City

The Xigaze Prefectural Tannery now has 1.4 million yuan of fixed assets. The plant, which occupies an area of about 60 mu, has three workshops producing hides, leather goods, and shoes. In addition to these leather goods, which are the plant's major products, the plant also produces fleece-lined coats and shoes and semifinished products made of sheepskin or cowhide. Most of the plant's products are marketed locally. Each year, the plant can process 100,000 sheets of parchment.

Tibet is one of China's five major pastoral areas, and Xigaze Prefecture produces 700,000 sheets of fleece, 350,000 sheets of goatskin, and 70,000 sheets of cowhide annually. To develop and use its rich rawhide resources and satisfy the needs of domestic and foreign markets, the tannery plans to improve the quality of its products and increase variety through reconstruction. The reconstruction project requires an investment of 4 million yuan, including 1 million yuan for renovation and 3 million yuan of working capital. After its reconstruction,

the tannery's annual output of 200,000 sheets of parchment will have an output value of 6.1 million yuan, from which 1.12 million yuan will be used for profit tax. Forms of cooperation include becoming the tannery stockowners through the contribution of capital, equipment, technology, or managerial expertise; or operating the plant as a partner.

8. Expansion of the Xigaze Carpet Plant in Xigaze City

Xigaze City, the seat of the Xigaze Prefectural Administrative Office, is located along the China-Nepal Highway. Transportation services and energy supplies are readily available in the city. The city, as well as the 17 counties in Xigaze Prefecture, are all engaged in raising locally bred Tibet rams. With a year round inventory of 4.15 million head of rams, they produce 3.85 jin of wool annually. The wool they produce, which is elastic and shiny, is ideal for carpet production.

A collectively owned enterprise, Xigaze Carpet Plant assets now stand at 1.3 million yuan, and it is capable of producing 1,000 square meters of carpet annually. The plant has all the technology for washing, combing, spinning and dyeing raw materials, as well as weaving carpets and enhancing the final products. The plant's carpets, which are sold at markets at home and abroad, are a favorite of foreign businessmen. Its sales are increasing each year. To satisfy market needs and increase exports, the plant intends to expand its workshops, set up more frames, and install more spinning, combing, washing, and dyeing facilities. It is estimated that the expansion project requires a total investment of 15 million yuan. After the expansion it will be able to produce 20,000 square meters of carpets and 100,000 kg of carpet yarns annually, its annual output value will reach 21 million yuan, and its annual profits will reach 5 million yuan. Forms of cooperation include becoming the plant's stockowners through contributing capital, technology, or equipment; or operating the plant as partners.

9. Nyingchi Floorboard Plant in Bayi Town, Nyingchi Prefecture

Nyingchi Prefecture is located along a part of the Sichuan-Tibet Highway in southwest Tibet. Transportation services are readily available there. The prefecture has rich forestry resources, approximately 2.6 million hectares of woodland, and approximately 410 million cubic meters of timber. Its woodlands of dragon spruce, larch, and (?fir) [gao shan li] are widely distributed. Its (?fir) timber, which is hard and abrasion resistant and has a beautiful grain, is ideal for processing into floorboards. Since the construction business is developing rapidly and the demand for wooden floorboards is increasing, the prospects are bright for marketing high-grade wooden floorboards on the domestic and world markets. The project needs a total investment of 2 million yuan, including 1 million yuan for factory buildings and 1 million yuan for production line and equipment. It is estimated the plant can produce 50,000 square meters of floorboards annually, yield 2.25 million

yuan from output, and make a profit of 340,000 yuan. Forms of cooperation include stock ownership through the contribution of capital, equipment, or technology; or operating the plant as partners.

10. Lhasa Marble and Granite Processing Plant in Lhasa

The Lhasa Marble and Granite Processing Plant was one of 43 projects completed in Tibet in 1985. It has a designed capacity for processing 10,000 cubic meters of marble and granite annually. However, the plant has not been put into operation since it was completed. Along with Tibet's economic development, expanding program of opening up to the outside world, and increasing investment in capital construction projects, there are good market prospects if Tibet's rich marble and granite resources as well as the completed factory and facilities to produce construction materials and handicrafts are utilized. Since the plant has already been built, no investment is necessary. It had been planned to reactivate the plant in order to produce and process marble and granite products, which will first be marketed in Tibet and then in neighboring countries. Forms of cooperation include contribution of technology and managing personnel, operating the plant as partners, or leasing.

11. Shannan Economic Forest Development Base

This project is located in Gyaca County, seat of the Shannan Prefectural Administrative Office.

Gyaca County, located by the Yarlung Zangbo Jiang in southeast Tibet, is on average 3,200 meters above sea level, possessing a temperate and moist climate. The county is flat and good for agriculture, forestry, and animal husbandry. It is 300 km away from Lhasa and approximately 200 km from Lhasa Airport. Transportation facilities are readily available there.

Relevant authorities in the prefecture have surveyed the county's resources and developmental environment, and have planned the construction of the base. The prefecture intends to develop the base in a comprehensive manner—producing primarily dry fruits, walnuts, Chinese prickly ash, and fruits in conjunction with farming and animal husbandry. The size of the areas to be developed will be larger than 2,900 mu; the entire project is expected to be accomplished in two stages. The project needs a total investment of 14.6 million yuan. It has been estimated that after the construction of the base has been completed, its annual revenue will reach 7.5 million yuan, including 2 million yuan in profits. Forms of cooperation include stock ownership through the contribution of capital or technology, or operating the base as partners.

12. Sangri County Marble Processing Plant in Sangri County, Shannan Prefecture

Sangri County is 260 km away from Lhasa and about 60 km away from Zedang. Transportation facilities and energy are readily available in the county. The county has rich marble

resources. Surveys show it has approximately 20 million cubic meters of marble—including black, white, and pink marble as well as some black and white jade. According to experts' appraisal, the county's marble is of good quality, has clear veins [word indistinct] marble with biological fossils. The marble is concentrated and is close to the ground surface, so its prospects for development are good. The county intends to build a plant which can process 5,000 square meters of marble annually. The principal products include construction and decorating materials, furniture surfaces, and handicrafts. The project needs a total investment of 3 million yuan, including 2 million yuan for capital construction and 1 million for equipment. Once it goes into operation, the plant is expected to have an annual revenue of 1 million yuan from sales; but it will have to deliver and pay 500,000 yuan to the state as profits and taxes. Forms of cooperation include becoming the plant's stock owners through the contribution of capital, technology, equipment; or operating the plant as partners.

Yunnan Secretary Urges Colleges To Serve Economy

HK0712121992 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 29 Nov 92

[Text] Yesterday afternoon, Yunnan Party Secretary Pu Chaozhu stressed at the second party congress of the Yunnan Engineering Institute: The main battlefield of economic construction badly needs science and technology, and technical personnel as well. Universities and colleges must closely stick to the center of economic construction to speed up the pace of educational reform, improve educational quality, and turn scientific and technical achievements into practical productive forces as quickly as possible. They must train more qualified personnel and make more economic achievements.

The second party congress of the Yunnan Engineering Institute opened yesterday afternoon. Ren Keli, member of the provincial CPC Committee Standing Committee and director of the provincial organization department, and Liang Jinquan, member of the provincial CPC Committee Standing Committee and director of the provincial propaganda department, attended the congress to extend their warm congratulations.

In his speech, Comrade Pu Chaozhu pointed out: In the 1990's, our basic task is to accelerate the pace of reform, opening up, and economic development. By 2000, we must quadruple our GNP, so that we can achieve the great strategic target of enabling our people's livelihood to advance from having enough food and clothing to small-scale prosperity. The spirit of the 14th CPC National Congress will become a powerful motive force for promoting the development of various undertakings. A revolutionary work style of working in a down-to-earth manner, striving to unite as one, and struggling has become a main theme of the entire party. Party organizations, the broad masses of party members, and teaching staffs at all levels on educational and scientific research fronts are shouldering the strenuous task. They

must speed up the pace of educational reform, improve teaching quality, turn scientific and technical achievements into practical productive forces quickly, make more economic achievements, and train more qualified personnel. Yunnan's agriculture and planting do not lag far behind those of the interior and coastal regions. The biggest gap and the weakest point lies in our backward county-level industry. The development of our township and town enterprises and secondary and tertiary industries are extremely insufficient. Therefore, the provincial CPC Committee has grasped the work of actively developing the county-level economy and vigorously developing township and town enterprises as an important strategy for economic development. Various localities and governments at all levels have made great efforts to speed up economic development, and do big things. The problem is: Everything is ready, and all that we have lacked is science, technology, and talented personnel. Therefore, they cannot put their ability to good use. The needs of the main economic battlefield for talented personnel have provided a vast arena for the integration of education, science and technology, and economic construction. This has opened up a broad road for scientific and technical personnel, so that they can put their ability to good use and embody their values.

Pu Chaozhu called on various departments in universities, colleges, and scientific research institutes to work boldly and invigorate themselves to jointly run economic entities with enterprises. They must support and encourage a number of qualified personnel who have knowledge and management skills to work in township and town enterprises. Yunnan Engineering Institute must mainly serve local industry and township and town enterprises. It must wholeheartedly serve them, and train more qualified personnel for them. In the meantime, it must take an active lead in establishing a number of economic entities to bring along the development of small and medium enterprises.

North Region

Hebei Economic Delegation Visits Europe

SK0812082292 Shijiazhuang HEBEI RIBAO in
Chinese 28 Nov 92 p 1

[Text] A five-member economic and amity delegation of Hebei Province, headed by Bai Shi, vice chairman of the Hebei Provincial People's Congress Standing Committee, left Beijing on 27 November to start their 15-day visits to Switzerland and Denmark. The delegation paid the visits with a view to holding talks with principal officials of the foreign political circles and relevant companies on importing capital, technologies, and equipment to cooperatively develop the beverage and dairy products industries in our province and to exploring the possibility of cooperatively developing the papermaking and ceramic industries.

Hebei Secretary on Developing Market Economy

*SK0812074992 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 7 Dec 92*

[Text] Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, inspected the Shijiazhuang Prefectural Science and Technology Committee on 7 December. He pointed out during his inspection: The government departments should speed up the changes in their functions in line with the reality of setting up the socialist market economic system. Xing Chongzhi said: Vigorously running the economic entities can greatly help promote better staff and simpler administration and speed up the transformation of government functions. It is only a means as well as the work in one aspect. But, it is neither the overall content of changing functions nor an objective. So, we must not equate the running of entities with the transformation of functions. Nor must we replace the running of entities for the transformation of functions. The fundamental way for changing government functions is to separate government functions from enterprise management and to change the previous management methods, management forms, and work style under the planned economic system into new management forms, management methods, and work style that are suitable to the socialist market economic system.

In regard to the reform of the scientific and technological structural reform, Xing Chongzhi said: The science and technology committees should attend to the work in two aspects: First, in line with the current socialist market economic system, the science and technology committees should further reform their internal management patterns. Second, they should vigorously run technology markets and (promote) the development, formation, and improvement of the technology markets. By setting up and developing the technology markets, we should promote the transformation of scientific and technological findings into real productive forces, the exchange of science professionals and technicians of various categories, and prosperity of enterprises. So, we should widen the ideas and the field of vision. Markets themselves are open areas. In developing technology markets, we should also break down the barriers of counties, prefectures, the province, and the country; and open to all directions. With the rapid development of technology markets, we will be able to greatly promote the rapid development of the economy and society.

Northeast Region**Harbin Discusses Various Plans To Boost Economy**

*SK0812080492 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 7 Dec 92*

[Text] Harbin city has forwarded its opinions on improving the economy to a new stage, which have been approved through the discussion on 7 December by the 15th Plenary Session of the Eighth Harbin City CPC Committee. According to these opinions, the city will

divide its work of improving the economy to a new stage into the following two periods: First, by the end of 1995, the city will prefulfill the Eighth Five-Year Plan by one year; improve the economy to a small and transition level; and will enforce the systems of socialist market economy and gear itself to the mechanism of such economic operation. Large and medium enterprises will become the main part of the market economy. Its economic structure will be further optimized, its investment environment will be obviously improved, and its capability of attracting outside funds and projects will be enhanced. The city will gradually foster a pattern of opening itself to the outside world in all directions, in multiple fields, and at multiple levels. Second, by the end of 2000, the city will prefulfill the quadruple plan by three years; greatly improve the economy; and establish the socialist market economy systems and the mechanism of such an economic operation. The city will also turn its economic growth from the style of quantity and speed to that of quality and benefits and will achieve in the combination among speed, benefit, and reserve strength. Export-oriented enterprises will become the guidance of developing the economy. The city will enable its economic development to be connected with that of the world economy. The two civilizations will be developed simultaneously and various social undertakings will be improved to a new level. The people's livelihood in the city will surpass the well-to-do standard and Harbin will build itself into an importantly international economic and trade city of Northeast Asia.

Jilin Secretary on Socialist Market Economy

*SK0812093692 Changchun JILIN RIBAO in Chinese
17 Nov 92 p 1*

[By reporter Yin Hua (1438 5478): "Focusing on Establishing the Market Economy System To Accelerate the Transformation of the Enterprise Operating Mechanism"]

[Text] During a recent investigation and study tour in Jilin city, Comrade He Zhukang pointed out the need for focusing on establishing the socialist market economy system to accelerate the transformation of the enterprise operating mechanism and truly push enterprises to the market.

Provincial party Secretary He Zhukang led responsible comrades of pertinent provincial departments to conduct investigations and study in Jilin city 6-15 November. Focusing on the main subject of studying and implementing the 14th CPC Congress guidelines and establishing the socialist market economy system, they conducted extensive and in-depth investigations and study on the theories and practice concerning how to expedite the economic structural reform, further transform the enterprise operating mechanism, and change government functions. During the investigations and study, Comrade He Zhukang, accompanied by Wu Guangcai, secretary of the Jilin city party committee, and Zhan Yuechang, acting mayor of Jilin city, went to plant workshops and markets to conduct on-the-spot

investigations. They held several forums attended by comrades from the enterprises that conduct competition, monopolizing enterprises that create social benefit, money-losing enterprises, collective enterprises, township enterprises, private enterprises, and departments engaged in theoretical study and economic management; made contacts with 47 enterprises; and heard the work reports of the Jilin city party committee and government.

After conducting in-depth investigations and study, Comrade He Zhukang gave important opinions on how Jilin Province should expedite reform, opening up, and economic development in the process of establishing the socialist market economy system. He said: The current major task for the province is to thoroughly study and implement the 14th CPC Congress guidelines, unify thinking, enhance joint force, and promote development. The theory of socialism with Chinese characteristics clearly forwarded at the 14th CPC Congress is a powerful ideological weapon guiding us to accomplish the new historical tasks and also is a task of practice for party committee and government leaders at all levels. Not only should we conscientiously study and understand the important significance of this theory, but also we should study the ways to use this theory to arm the entire party, to turn it into a common understanding of the entire party and a guide for its action, and to embody it in our specific work.

He Zhukang pointed out: The key to accomplishing the historical tasks forwarded at the 14th CPC Congress lies in expediting the economic structural reform, establishing the socialist market economy system, and pushing the economy a new step upward. We should seize the current opportune moment to accelerate reform and development and make earnest efforts to carry out practical work. Leaders at all levels should fully understand that we face another new opportunity, dialectically analyze the current favorable and unfavorable conditions and objective and subjective factors, work in a creative manner, summarize experiences in a timely manner, and lose no time in pushing our work forward. We should first emancipate our mind and change ideas when performing specific work. Establishing the socialist market economy system is a fundamental change in China's economic system and is a new revolution. It involves the economic base, the superstructure, and many other spheres and requires both destruction and establishment. Therefore, we should have a good command of the essence of socialism, proceed from reality in bravely putting into practice and conducting explorations on anything compatible with the congress guidelines and "conducive to three aspects of work," and use the practice and successful experiences in reform to facilitate the emancipation of the mind and updating of ideas.

Comrade He Zhukang emphasized: When establishing the socialist market economy system, we should grasp the key points and resolve key issues.

First, we should expedite the transformation of the operating mechanism of state-owned enterprises, especially large and medium state-run enterprises. Judging from the general situation, the province should by and large complete the transformation in the next two years. The key issue in transforming the operating mechanism of large and medium state-run enterprises is to clarify the relationship between enterprises and the state. We should continue conducting in-depth exploration on this issue in both theory and practice and, by straightening out the relations in property right, enable enterprises to truly become the legal entities and the major participants in market competition which are managed independently, responsible for their own profits and losses, and capable of self-development and -restraint. Currently, we should exert conscientious efforts to improve the multi-form contracted managerial responsibility system. The property contract system participated by all workers may be applied to the enterprises that are competitive in the market; and the system of overall contract for input and output may be applied to the monopolizing enterprises that create social benefits. Meanwhile, we should experiment with the shareholding system in an active and prudent manner, try it out at selected units, and summarize experiences so that the system can develop soundly to become more standardized. Small enterprises, including some medium-sized enterprises, which have been poorly managed for a long time, whose property cannot pay off their debts, and which hold no promise of survival, may be sold, leased, auctioned or declared bankrupt. They may be sold or leased either to their own staff members and workers or to other collectives or individuals. They may be sold and leased either totally or partly. We should embrace the idea that state property is also a commodity and that it is normal to sell it according to the law governing the market economy. As far as this work is concerned, we should further emancipate our mind and have the courage to make big strides. Meanwhile, enterprises should conscientiously enforce the "regulations on transforming the operating mechanism of state enterprises," accelerate their own reform, and strive to meet the need of the socialist market economy. Enterprises and enterprise groups should make their accounting units smaller, institute the independent accounting system, and become first-level legal persons whenever possible to directly enter the market. When they are unable to become first-level legal persons, they should also establish their internal markets in line with the principle of the market economy to boost the enthusiasm of all quarters and improve economic efficiency. They should diversify their business and, in particular, greatly develop the tertiary industry to become more capable of suiting and coping with the changes in the market economy. The issue that enterprises should hold responsibility for society should be resolved gradually, and old enterprises should unload their burdens gradually in line with the need of the market economy.

Second, we should expedite the transformation of government functions. The province should complete this

transformation in the next two years in line with the principle of streamlining the government and ensuring diligent administration and high efficiency. We should have a sense of urgency to expedite this work. We should redesign the establishment of organizations in line with the principle of the market economy and see to it that government functions are separated from business management. Some organizations may be converted before they are disbanded or merged, and others may be disbanded or merged before they have a way out. Economic entities established in the process of transforming functions should act resolutely according to the economic law, and their relations with enterprises should be equal economic relations. They should no longer perform industrial administrative or government functions or increase the burden of enterprises. They should focus on the development of the tertiary industry.

Third, we should expedite the cultivation of the market system. We should make great efforts to develop the markets for essential elements of production, money markets, personnel markets, technology markets, and information markets. Meanwhile, we should improve the rules and systems for the market, strengthen market management, and establish a market mechanism for equal competition and sound development. We should further lift price controls and truly establish a mechanism under which the market decides on the commodity prices. Price controls that can be lifted once and for all should be lifted boldly. We should open wider to the outside world and greatly exploit the domestic and the world markets.

Fourth, we should deepen the reform of the distribution and social security systems. We should make sure that workers can be employed or dismissed and their wages can be increased or reduced as required. In the relations between the state and enterprises, we should clarify the responsibilities and powers of both sides and let enterprises live or die as required. Current contracts, if still valid, should not be changed in principle, and specific problems should be solved with specific measures. After experiences are summarized, social old-age, unemployment, and other insurance systems should be actively improved and developed.

Comrade He Zhukang pointed out: We should correctly handle the relationship between the economic structural reform and economic development. As the economic structural reform and economic development promote each other, we should firmly accelerate reform, liberate and promote productive forces by deepening reform, and then accelerate economic development. We should put reform in the first place and also accelerate economic development to provide good conditions for reform. He urged: Leaders at all levels should enhance the sense of respect for the whole situation and the sense of responsibility. The socialist market economy is aimed at boosting the enthusiasm of every locality, every enterprise, and every person. Enterprise leaders, in particular, should keep the whole situation in mind when studying

and solving problems and enhance the sense of responsibility. Only when they have both the sense of respect for the whole situation and the sense of responsibility can they better develop their potential. We should formulate well the strategy, targets, and measures for enterprise development in line with the requirement for the market economy to gradually push forward our work.

During the investigations, Comrade He Zhukang also conducted special investigations and study at the Jilin Chemical Industrial Company on how the company should transform its operating mechanism quickly, accelerate development, and create new experiences in the new situation, and how the activities to learn from the Jilin Chemical Industrial Company should be promoted. Participating in the investigations and study at the Jilin Chemical Industrial Company were provincial leaders Xiao Chun, Wang Jinshan, and Liu Xilin; as well as responsible comrades of pertinent departments.

Liaoning Governor on Agriculture Development

SK0412042192 Shenyang LIAONING RIBAO in Chinese 19 Nov 92 p 1

[Speech by Governor Yue Qifeng at the experience-exchange meeting on the development of high-yield, fine-quality, and high-effect agriculture on 5 November; place not given]

[Text] The experience-exchange meeting sponsored by the provincial people's government on the development of high-yield, fine-quality, and high-effect agriculture is an important gathering discussing, in line with the spirit of the 14th CPC Congress, the issue of how to improve agriculture to a new level as soon as possible. Liaoning agricultural potential is very large. Success in agriculture will play a large role in promoting the province's economy. No leading personnel should cast away the lion share of rural areas and neglect rural work. If they do, they will commit a historic mistake.

1. The Experience-Exchange Meeting Is an Important Gathering

The meeting is an important gathering where the spirit of the 14th CPC Congress has been implemented. Comrade Jiang Zemin said in his report at the 14th CPC Congress that agriculture is the foundation of the national economy and that we must persistently put agriculture in first place to invigorate the rural economy. The meeting is aimed at implementing the spirit of the 14th CPC Congress and the State Council's conference on developing high-yield, fine-quality, and high-effect agriculture. It is aimed at implementing the decision adopted at the conference on developing such agriculture and at working out a way to improve the province's rural economy to a new level as soon as possible. The new-standard rural work of Liaoning will promote economic development throughout the province and play an important role in improving the province's economy to a

new level. The meeting is also aimed at making preparations for meeting the needs of socialist market economic systems. Developing the socialist market economy is aimed at having peasants gear themselves to markets and gearing farm products to them. It is hoped that everybody should successfully implement the meeting's spirit and further create a new situation in the rural economic work as a whole.

2. A Good Job Should Be Done in Implementing the Spirit of the 14th CPC Congress

As everybody is studying and implementing the spirit of the 14th CPC Congress, I would like to say a few words on the experience I gained while participating in the 14th CPC Congress and in line with the province's reality:

The 14th CPC Congress was very successful and heartening. The congress' importance can be compared with that of the "Seventh CPC Congress" that established Mao Zedong Thought; unified the entire party's understanding; and laid an ideological foundation for defeating Japanese imperialism, overthrowing the Chiang dynasty, and establishing New China. The 14th CPC Congress established the theory of Comrade Deng Xiaoping on building socialism with Chinese characteristics, laid a foundation for fulfilling the second and third strategic targets, and has epoch-making significance.

The 14th CPC Congress was convened under the situation in which various social circles throughout the country have scored achievements attracting worldwide attention through 14-year efforts to conduct reform and open to the outside world and the country as a whole has incurred an earth-shaking change. It has been convened also under the circumstance in which the international situation as a whole has been turbulent and incurred a tremendous change as well as particularly under the circumstance in which a new situation has cropped up in the national programs of reform, opening up, and economic development in the wake of Comrade Xiaoping's speeches which he made during his inspection tour in the south.

The summary given by General Secretary Jiang in his report with regard to the achievements scored over the past 14 years is very good. The 14 years is an unusual period indeed. During the period, the width and depth of social transformation occurred under the leadership of the second generation leading collective with Comrade Xiaoping at the core and under the guidance of Comrade Xiaoping's theory of building socialism with Chinese characteristics. The speed, scope, and level of economic development represents a profound and great revolution. Both have embodied a turn in the history and created a new stage of developing socialist undertakings in our country. It is totally necessary to make a historical review of the great practice of this period and to make a serious conclusion on the basic theories, basic line, and the series of strategic policy decisions that took shape in the process. Why must we make a historical and serious conclusion? Following the third plenary session of the

11th party Central Committee, several major decisions were made at the sixth plenary session of the 11th party Central Committee and the 12th, 13th, and 14th CPC Congresses, and making a historical conclusion on these decisions will help further unify our thinking and understanding, adherence to correct orientation, prevent some people's hesitation at speaking for fear of offending others and keep others from doing improper work to curry favor. The review of that period's history makes us feel deeply that such a good current situation would not have been created in China if we had not held the large-scale discussion on the criterion for truth following the third plenary session of the 11th party Central Committee, eliminated the shackles of the "two whatevers," and abandoned the theory of taking class struggle as the key link and the theory of continued revolution under the proletarian dictatorship; and if we had not made conclusions on the right and wrong of major historical events at the sixth plenary session of the 11th party Central Committee, brought order out of chaos, and affirmed Chairman Mao's historical position and role. If we had not changed the rural people's commune system of three-level ownership with production team as the basic unit and instituted the household-based output-related contract responsibility system, it would not have been possible to liberate the rural productive forces and enable 1.1 billion people to have sufficient food and clothes, and township enterprises would not have developed greatly. Comrade Xiaoping said that township enterprises were not developed by a single person, and that they represented a creation of the vast number of peasants. Since the third plenary session of the 11th party Central Committee, China has scored achievements that attracted worldwide attention and effected earth-shaking changes. However, rural areas are the place where the greatest changes and the fastest progress have been achieved, and where reform has been most successful. The reform experiences of rural areas have, in turn, promoted urban reform in various aspects. The vast number of rural cadres have faithfully implemented the line laid down since the third plenary session of the 11th party Central Committee, facilitated the tremendous changes in rural areas, and promoted the reform in various fields throughout the country. Comrades engaged in rural work once felt depressed and dishonorable. They should not have thought so. The vast number of rural cadres have been active, faithful, and hard-working both in building socialism with Chinese characteristics and in implementing the party's line laid down since the third plenary session of the 11th party Central Committee. Peasants and rural cadres have made extremely important contributions to building socialism with Chinese characteristics. Without the party's basic line consisting of one central task and two basic points and without the arduous efforts of cadres and the masses, the tremendous changes in rural areas would have been impossible; our economic construction, living standard, and overall national strength will not be greatly raised to new levels; and a second leap will not be achieved. Without the tremendous and brilliant achievements we have won since the third plenary session of the

11th party Central Committee, it would have been very difficult for us to withstand the "4 June" turmoil, the drastic change in East Europe, and the disintegration of the Soviet Union. It should be said that these 14 years were a period when we truly concentrated efforts on socialist construction, and when we achieved the fastest results in economic development and improvement of people's living standard. Practice of the past 14 years shows that China's proletariat can not only seize political power but can also find a successful way to build socialism. This is unprecedented in the world and in international communist movements. What Chinese communists should be proud of is not only our ability to seize political power but also build and consolidate the political power. The experiences of the 14 years were extremely rich and valuable, which we can be very proud of. The theory of building socialism with Chinese characteristics is very incisive and vivid. As long as we inherit the past and usher in the future and advance firmly on this road in line with the party's basic line, we will be invincible. We should have full confidence.

Another point is that the 14th CPC Congress documents mentioned on several occasions that adherence to the party's basic line must not be shaken and that we should remember a historical lesson and a strict lesson. These remarks expound Xiaoping's thinking of guarding against the right and concentrating on holding off the left. As is well known, following the three major transformations, the "Eighth Congress" of 1956 defined a completely accurate line and pointed out that the major contradiction in the socialist society at that time was the contradiction between the advanced socialist system and the backward productive forces. Why did we fail to persist in this line? Because a series of accidents took place through the international communist campaign in 1956. There was also the so-called "attack by the right wing" at home. The situation was very serious, so they could not but grasp the class struggle. Their grasp lasted over 20 years until the Great Cultural Revolution, at which point the party and the country almost collapsed. Was this lesson not deep? So, it is clearly defined that we should guard against the right and concentrate on holding off the left with a view to having all party comrades, particularly leading cadres, deeply remember the historical lesson. Although this or that kind of serious cases have taken place at home and abroad over the past 14 years, we have not shaken the central link of the economic construction. From now on, we should also unswervingly do so. Comrade Xiaoping operated the rudder at the crucial moment when disturbances and rapid changes took place at home and abroad in the past few years. The Soviet Union's disintegration greatly reverberated throughout the world. There were various kinds of public opinions at that time. There was also an opinion on deciding what banner would be held. Of course, we should also guard against peaceful evolution. However, if we fail to attend to domestic affairs, it will be impossible to resist peaceful evolution. So, we should further straighten out this problem by studying the documents of the 14th CPC Congress. If we do not

clearly resolve this problem, it will be difficult to persistently keep the basic line of the party unshaken. Quivering of the line will not be allowed by the common people. We should draw lessons from this. Only when we bravely proceed from the ideological and work reality in the course of studying Comrade Xiaoping's speeches will we really emancipate the mind and solve problems. Otherwise, the basic line of the party will be shaken if we meet any storms. Some comrades have also placed stress on emancipating the mind and changing ideas. But, they talk insincerely and frivolously. That is, they do not have the daring to get in touch with the ideological and practical reality. So, they fail to discover real lessons or to make bigger strides forward.

In regard to the economic growth rate, the 14th CPC Congress defined that the economic growth rate in the 1990's should increase by eight or nine percent. This target was defined according to the principle of seeking truth from facts. The central authorities gave remarks on the growth rate. The remarks are very important. That is, we must not blindly expand the scale of capital construction or blindly strive for speed and projects as soon as we stress the necessity to speed up development. We should persistently proceed from reality and pioneer the road of developing the national economy not only with a fairly high growth rate but also with better results. While affirming the current gratifying situation and speeding up development, we should also pay attention to the problems cropping up in economic work. If we do not proceed from reality to solve this problem, people will compete with one another. Haste will easily make waste. We should determine whether we possess the conditions for speeding up development and study ways to speed up development. Over the past years, Liaoning has the situation of high input, low output, and small amounts of earnings with great efforts. It is certain that the country has to do so in the stage of product economy and in the initial stage of its founding. In the process of socialist construction, Liaoning did make significant contributions to the state. However, now the situation has changed. Most of our products are primary and roughly processed ones. In foreigners' eyes, Liaoning is a land of gold nobody picks up, a beggar asking for meals with a golden bowl. They have an economic mind when saying so, and such a view is compatible with dialectics. The view that Liaoning is a land of gold means that after the farming of several generations of people, gold has been spread everywhere in Liaoning. This view fully affirmed our past. The view that we have gold everywhere which is not picked up and that we ask for meals with a golden bowl represents the harsh reality of Liaoning. The way we pick up the gold determines our future, prospects, and hope. Liaoning's large-scale industry is an advantage, which everyone was proud of, and which made tremendous contributions to China's socialist construction. We should not negate this. But, it will be better if we make use of this advantage to create second and third advantages. We should use the advantage of abundant raw materials to develop intensive processing processes, township enterprises, and the tertiary industry. If we fail

to make use of our first advantage to create the second and the third advantage, the first advantage is bound to gradually disappear and become a burden. How should Liaoning blaze a road leading to less investment, high output, and fast accumulation of funds? This is a major question Liaoning is faced with. Liaoning is totally able to accelerate development if it truly emancipates the mind, changes ideas, unifies thinking, and sets the road to rights. How can we blaze a road that creates high speed and better efficiency as required by the central authorities? First, we should expedite the reform and technical transformation of old enterprises. Reform means to change the operating mechanism of large and medium-sized enterprises. There will be no way out without changing the operating mechanism. This is like our agriculture, which applied a system of three-level ownership with production teams as the basic unit. There would have been no way out if we had not changed this system. Technical transformation means that Liaoning's old enterprises should accelerate technical transformation. Through reform and technical transformation, we should adjust Liaoning's industrial structure and product mix, improve the intensive processing level and technology content of its products to increase their value, and make use of the advantages of its large and medium-sized enterprises to develop township enterprises and tertiary industry, which require less investment but yield high output. Second, we should use Liaoning's advantage in having abundant colleges and universities, scientific and technical personnel, and scientific and technological achievements to develop high- and new-tech industries either in cities or rural areas. Third, we should open wider to the outside world and develop the three types of foreign-funded enterprises, of which most are engaged in intensive processing and high technology and science. It should be said that rural areas should play an important role in Liaoning's adjustment of the industrial structure and product mix. An important breakthrough in the 14th CPC Congress documents was the establishment of the socialist market economy system. The socialist market economy should be developed gradually. It has been developed from a system under which the planned economy is the main part and the market is the supplementary part of a system which combines market force and planning, then to a planned commodity economy, and then to a system under which the planned economy is combined with the market operating mechanism. This is a heavy task as we have developed a planned economy for a long period. To Liaoning in particular, it is a very new task. This is the case with industry and also agriculture. Due to a lack of understanding of the market, we have suffered many losses. Due to a lack of information, we have failed to sell or sell at high prices the same products that others can sell or sell at high prices. This shows that we lack a sense of market and a sense of information. This problem has puzzled us for many years because, in the past, anyone who mentioned the market was dubbed a capitalist and therefore no one dared to set foot in it. It would be impossible for us to clarify the issue if it were not for Comrade Xiaoping's speech made during his inspection tour in the south, in

which he pointed out that as capitalism has plans, socialism can have markets and that both plans and markets were economic measures. In view of our long-standing, singular plan, enforcing the market economy is indeed our great task. It should be said that in view of Liaoning, the enforcement of the market economy not only represents an opportunity but also a test. Failing to withstand the test, it is possible for the province to fall behind. To meet the needs of the market economy, first of all Liaoning should emancipate or change its minds. Fourth, efforts should be made to actively shift the mechanism and to gear enterprises to markets. Despite the gradual opening up of grain prices in rural areas, peasants deserve to have the means to enter markets because our markets have not matured fully. Therefore, we should spend one or two years on continuously enforcing state purchases so as to leave a preparatory period for peasants to enter markets. Besides, industry and agriculture should actively establish various markets and foster market systems so as to enable Liaoning to become a base for production and commodity circulation and exchange. In meeting the needs of markets, industrial and mining enterprises should carry out corresponding readjustment in setups, business styles, distribution systems, personnel affairs systems, and in the establishment of social security systems. Governments should shift their function and do a good job in conducting macro control and rendering services. If we fail to deal with these issues well, we will certainly encounter difficulties in entering markets. Entering markets is actually a complicated, systematic project in society and we should have the sense of emergency in this regard.

With regard to enhancing party construction and improving party leadership, first, we should arm ourselves and our ideology with Comrade Xiaoping's theory on building socialism with Chinese characteristics. This is the fundamental task of party building. Second, we should enhance and improve party leadership. In closely following the province's reality, we should earnestly study the theory of building socialism with Chinese characteristics, emancipate our minds, seek truth from facts, and enhance the consciousness and firmness of implementing the party's basic line. In employing cadres, we should widen our field of vision and broaden the channels in line with the "four requirements" of cadre employment and the principle of having both ability and political integrity. Efforts should be made to deal with the malpractice of personnel employment. In his speech to the First Plenary Session of the 14th CPC Central Committee, General Secretary Jiang Zemin particularly stressed the need to successfully train successors and realize unity. We should pay attention to all corners of the land and to actual achievement in selecting, examining, and employing cadres. During the new period of building socialism, an important and key issue is to select a criterion for examining and employing personnel. The success of employment will warm the feeling of a large number of people and bring their enthusiasm into play, otherwise, the employment will disappoint them and adversely affect their enthusiasm.

In conducting party building, we should oppose various corrupt phenomena and grasp the work of straightening out party style and enhancing the administrative honesty by regarding the work as a big event. Judging the CPC as a whole, most members are honest and cadres at all levels receive low pay and low privileges. However, a few corrupt elements endanger the party and people. To improve relations between the party and the masses and to tighten their ties, we must oppose corruption and resolutely punish the corrupt elements. However, by no means should we totally negate the party collective just because of a few occurrences of corruption.

3. Affirm Achievements, Recognize Problems, Seize the Opportunity, and Advance Expediently

Generally speaking, after the third plenary session of the 11th party Central Committee, Liaoning has scored great achievements in the agricultural sector. The pace in this aspect has gradually quickened over the past few years. As far as this year is concerned, the whole province's entire economy is moving in a good direction, of which the move of agriculture is the best. Grain production may still reach 15 billion kg or more. This 15 billion kg of grain was reaped under a situation in which we suffered spring and autumn drought, insect pests, low temperature, and little sunshine this year, which showed that our comprehensive grain production capacity has improved. New progress was also made in forestry, animal husbandry, sideline occupation and fishery and in meat, poultry, eggs, milk, aquatic products and fruits. In a situation where Liaoning has many large- and medium-sized cities, dense urban population, many industrial units, and many people eating marketable grain, we have not only guaranteed self-sufficiency in grain but also in nonstaple foods. We can say that this is an amazing achievement. Over the past few years, a big change has also taken place in rural areas, namely the great development of township enterprises. The total output value of last year showed a net increase of 7.3 billion yuan, and this year's net increase may reach 15 billion yuan. The whole province's total product of the rural society may reach 100 billion yuan. If we attain this target, the total product of the rural society may account for 40 percent of the province's total industrial and agricultural output value. This is a major change in our usual perception of Liaoning as a big industrial but small agricultural province. I believe that if we calculate according to this rate, large-scale agriculture will occupy half of the province's economy in two or three years. The agricultural achievements should be attributed to the role played by the party's line and policies since the third plenary session of the 11th party Central Committee. Our province's broad masses of rural cadres have faithfully implemented the line defined by the third plenary session of the 11th party Central Committee. In addition, this is also resulted from the mass of peasant support and implementation of this line. Recently, a peasant from Xinbin came to the provincial government to send 10,000 kg of corn to the provincial governor. When asked why he did so, he said: "I have reaped a bumper harvest of corn. This is the result of the party's good line. I should thank the party for this. The

14th CPC Congress has now convened and explicitly defined that the party's policies will not be changed for a century. I support this decision." This fact shows the peasant's awareness and upholding of the party's line. The provincial party committee and the provincial government, in turn, are satisfied with the achievements made in rural areas and thank them for this. However, we should also recognize the problems. I think if we had grasped the rural sector firmly and better, our achievements would supercede these results. The development of our present agriculture, forestry, animal husbandry, and aquatic products industry still lags behind other advanced provinces.

Actually, all localities started to pay attention to agricultural development in 1983 and 1984. The big city of Shenyang with a population of over 3 million has attained self-sufficiency in grain and nonstaple food. This point alone shows Shenyang's work to be outstanding. This year, Shenyang has done a good job in grasping reform, opening up and major industries. If township enterprises are grasped firmly and continuously like they are in Shandong, the development of Liaoning's township enterprises would not be slower than Shandong's. This year, I travelled to Shandong to look around in three cities. Shandong was mainly benefited by the development of township enterprises. If we caught up with this point, Liaoning's rural areas would not be the way it is. This year, the total output value of our province's township enterprises may increase by 15 billion yuan to reach 70 billion yuan. Yet the development of township enterprises has remained uneven. The total output value of township enterprises of the three cities of Shenyang, Dalian and Anshan combined has accounted for nearly half (40 percent) of the province's total while that of other localities has accounted for a small proportion. The total output value of some counties has only reached 200 million yuan while that of other counties has not even reached 100 million yuan. The level, understanding, and the quality of leading cadres is the reason for other cities' failure in grasping the rural areas in the manner of the big cities of Dalian and Shenyang. This issue also implies potential, and potential means hope. At the fifth plenary session of the seventh provincial party committee, I said there were eight areas of major potential in Liaoning's agriculture. Now, I may also add two more. First, Liaoning has great potential in developing export-oriented agriculture by taking advantage of the favorable conditions of opening Liaodong Peninsula to all sides; second, Liaoning has a strong industrial foundation and a great agricultural proportion in the city outskirts, which give it a great potential for developing high and new-technology industries as well as the precision and intensive processing of products. In short, we have disparities, but our potential is also very big. We should firmly seize the hard-won opportunity provided by the 14th CPC Congress and Comrade Deng Xiaoping's speech to advance more quickly and nicely.

4. Enhance Our Understanding of the Agricultural and Rural Status

Judging from the present situation, it is not realistic for our province to pay attention to the ideas of large-scale industry and small-scale agriculture. Agriculture has occupied an extremely important position in readjusting Liaoning's production set-up and product mix, promoting Liaoning's economic development, and helping Liaoning's economy enter a new stage. Without agricultural development, it will be impossible for us to accelerate Liaoning's entire economic development and to readjust the production set-up and product mix. Therefore, in a locality, anyone who has failed to pay attention to the rural areas and to grasp rural work means that he has also failed to realistically persist in taking economic construction as a central task. We are now implementing the system of making cities administer counties. If a leader fails to understand agriculture, the rural areas and peasants, he is not a leader gifted in many ways. Now that cities have administered counties, they should do it conscientiously. Some big cities were not assigned to bring along many counties, but they still failed to do this work well. Some counties have remained poor. Can we say that we have fulfilled our duty? Can we say that we have wholeheartedly lead the masses and peasants to march towards prosperity? We should persist in "grasping cities to bring along the rural areas, grasping heavy industry to bring along the light industry and grasping large enterprises to bring along small enterprises," and should open the province to all directions. We should prepare to include Fushun and Benxi to this plan during the first step and include Chaoyang and Fuxin to this plan during the second step. Tieling is a satellite city of Shenyang. The eastern, western and northern parts of Liaoning cannot be considered isolated. As soon as we leave the Shanhai Pass, we may pass through several provinces by means of the Beijing-Shanhaiguan railway. There is a route leading to Chengde, and the Shenyang-Dalian highway is another route. We must seize the water route running from Yantai to Dalian and open it up. Hydrofoil, hovercraft, and car-ferry services as well as small wharfs must be developed. Once this is developed, it will be equal to the construction of a transprovincial highway running from Liaoning to Shandong, Anhui and Jiangsu. Opening up this water route will be as good as building an expressway. I agree with the ideas of township enterprises in Ganjingzi and Xinzhaizi of opening up this water route. Individuals, collectives, townships and towns all may take part in this work and should seize this water route. Shandong has also taken note of this issue, and if it wants to seize this water route, will do it more quickly than we because they will surely succeed if they want to. We should enhance our understanding of this issue. Daqiu Zhuang Village is several scores of kilometers away from Tianjin. It has also achieved development through hard work. The total output value of Daqiu Zhuang Village may reach 4 billion yuan this year, and it plans to create 8 billion yuan next year and 16 billion yuan the year after next, and reach 150 billion yuan by the year of 2000. Thus, it will exceed

all villages in the world and attain the objective of being the "world's best village." What should we rely on in achieving this? Yu Zuomin said that we should rely on solid work and trained personnel. They set forth the "three 1,000 targets." The targets are to make friends with 1,000 foreigners, invite 1,000 science professionals and technicians from large and medium enterprises and scientific research units, and cultivate 1,000 skilled people by themselves. This time, I went to Beijing via Tangshan's Banbidian Village. This village's annual output value reaches 400 million yuan. Its annual output value was less than 30 million yuan when I left Hebei. The Tangshan Iron and Steel Company owns Gangzha Shan. This village builds itself up by developing Gangzha Shan in cooperation with the Tangshan Iron and Steel Company. After the Australia satellite was successfully launched, this village sent personnel to Beijing ahead of others to donate 100,000 yuan. Through donations, this village got in touch with the relevant departments for manufacturing and launching the satellite. Thus, these departments sent science professionals and technicians to the village to work as advisers. Next year, the village plans to register 600 million yuan of output value. With so many cities, our province should basically have developed the suburban-type economy. So, it is not reasonable that the rural areas still suffer poverty. Fushun has many raw materials to develop intensive and precision processing in the course of running town and township enterprises. Thus, there are problems in work, understanding, and ideology. If we upgrade the understanding and strengthen the leadership, these problems will be solved. The implication of the stress on paying attention to agriculture is different now. Our stress on paying attention to agriculture in the past was to solve eating problems. Now, we put stress on agriculture in order to readjust the rural structure and the overall economic structure of Liaoning according to the demands of the market economy, to further attain the target of being fairly well-off, and to advance toward a higher target. Therefore, we should be inspired with enthusiasm. The comrades engaged in the rural work and the vast number of rural cadres should eliminate the sense of inferiority, foster the sense of self-respect, strengthen the sense of self-confidence, and further attend to the rural work. Now, the total output value of the rural areas accounts for 40 percent of the province's total industrial and agricultural output value. By the end of this century, the total rural output value will account for 50 percent of the total industrial and agricultural output value. The output value realized by the town and township enterprises will account for 50 percent of the province's total industrial output value in the next five to eight years. This year, the total output value of the town and township enterprises increases by 1.5 billion yuan. The comrade of the provincial town and township enterprise bureau said that the output value of the town and township enterprises will increase 20 billion yuan next year. When the output value increases by 20 billion yuan every year, the total increase will reach 160 billion yuan in eight years. If the situation goes like that, the total output value of town and township enterprises will

surpass 200 billion yuan eight years later. Now, Chaoyang city has been full of vitality. Because, the city has emancipated the mind, changed the ideas, eliminated the state of finding no way out and the sense of inferiority, and foster the sense of self-confidence. Chaoyang has done its job well. It has made good achievements in building farmland capital construction, harnessing rivers and mountains, and developing town and township enterprises. They set forth a target of realizing 6 to 8 billion yuan [as published] at the end of the Eighth Five-Year Plan period. I said in Chaoyang that if Chaoyang can attain the target of 6 billion yuan, all cities of the province will find no reason not to attain this target. Only when we solve our ideological problem and do solid work, the province will greatly develop its rural economy. Leaders at various levels should pay high attention to agriculture. Those who pay attention to agriculture will be able to promote their work. There must be personnel in charge of the development of town and township enterprises. We should give financial and material support to this. In short, we should pay attention to agriculture and the rural work, bring agriculture and the rural work into line with the plan, and assign personnel to take charge of it. The city governments should set up departments in charge of agriculture. Otherwise, it will be impossible to develop agriculture.

Northwest Region

Qinghai Governor Praises Telecommunications Staff

HK0812090192 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 1 Dec 92

[Excerpts] Yesterday morning, nearly 1,000 staff and workers of posts and telecommunications departments in Xining celebrated 40 years of posts and telecommunications development in the province.

Yin Keshing [provincial party secretary], Tian Chengping [deputy provincial party secretary], Jin Jipeng [governor], Cai Zhulin [member of the provincial party

committee standing committee], and Wang Hanmin [vice governor], attended the meeting. [passage omitted]

At present, the province has already built a comprehensive posts and telecommunications network which uses various equipment.

Since reform and opening up, our province's posts and telecommunications undertaking has rapidly developed. Be it investment in fixed assets, total business volume of posts and telecommunications, turnover, or indicators of the four modernizations, the development over the last 14 years has surpassed the sum total in the preceding 26 years.

Governor Jin Jipeng pointed out at the celebration that these achievements are the results of hard work by the posts and telecommunications staff and workers in the whole province, and that they have shown their important role in our province's reform and opening up.

He pointed out that our province is situated in a remote border location and has transportation difficulties, and that to meet the demand of development of the socialist market economy system, it becomes more urgent and important to further expedite development of posts and telecommunications. Therefore, in the Eighth Five-Year Plan and 10-Year Program, the province lists posts and telecommunications as a priority development project, continues to promote the whole province's reform and opening up, explores resources, and guarantees sustained development of the national economy, and new goals have been set for posts and telecommunications departments.

According to the step of economic development in the whole province, Governor Jin Jipeng demanded posts and telecommunications departments in the whole province take the spirit of the 14th party congress as guidance, change concepts, and expedite internal reforms. In the area of self-construction of posts and telecommunications, expedite the construction of key projects, step up efforts to expand Xining City's first-phase 8,000-gate volume, build the numerically-controlled microwave project spreading from Xining to Delingha and Golmud, and build the mobile telephone network covering Xining, Datong, Pingan, and Ledu, so as to better serve our province's economic construction.

Arms Purchases 'Unfavorable' to Ties Development

HK0812050292 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 Dec 92 p 5

["Chattering in Taiwan, Hong Kong, and Macao" column by Dai Wenbin (2071 2429 1755): "It Is Definitely Undesirable To Act Against Popular Will"]

[Text] This year, Taiwan authorities spent nearly \$10 billion to purchase such modern weapons as F-16 fighters from the United States and Mirage fighters from France. When cross-strait relations were easing, the Taiwan authorities had no qualms about spending such a huge amount of the Taiwan people's hard-earned money on modern weapons. This move, which wasted the people's money and violated their wishes, was unfavorable to the development of cross-strait relations.

Since the CPC put forward the principle of "peaceful reunification" and "one country, two systems," cross-strait relations have shifted from confrontation to relaxation, and personnel and economic exchanges and trade between the two sides have been increasing. In these circumstances, Taiwan authorities still bought large quantities of offensive weapons, artificially creating a tense atmosphere. This obviously violated the wishes of the people on both sides of the strait.

By buying large quantities of weapons, the Taiwan authorities tried to build an independent political entity and create the fait accompli of "one China, one Taiwan" or "two Chinas." Such practice will not encounter the opposition of all compatriots on both sides of the strait and residing overseas, but neither will it be supported by justice-upholding countries and people.

The Taiwan authorities should attach importance to the interests of the Chinese nation; cherish the peaceful situation on the Strait of Taiwan, which did not come easily; set great store by reconciliation and reunification; and start talks with the CPC at an earlier date in order to promote the process of the motherland's peaceful reunification.

'Roundup' Notes Poor Support for Taiwan Independence

OW0612191392 Beijing XINHUA Domestic Service in Chinese 0258 GMT 6 Dec 92

["Roundup" by XINHUA reporter Duanmu Laidi (4551 2606 0171 1229)]

[Text] Beijing, 6 Dec (XINHUA)—Lately, the "Taiwan independence" forces on Taiwan Island have taken up arms again. Some people have been shouting slogans like "one Taiwan, one China" out loud for quite some time. This wave has captured wide attention from all walks of life in Taiwan, and people have bitterly censured the advocates of "Taiwan independence" for "ruining the nation and endangering Taiwan."

On 4 October, the "One China, One Taiwan Movement League," shielded by the Democratic Progressive Party [DPP], organized a demonstration in Taipei, howling that it would pursue "one Taiwan, one China."

On 8 October, the DPP released a "white paper" spelling out the party's policies; the policy on cross-strait relations is permeated with references to "Taiwan independence." This is a further attempt by the DPP to openly incorporate "Taiwan independence" into its policies, after inserting the article on "Taiwan independence" into the party platform late last year.

On 22 October, the so-called "World United Formosans for Independence" [WUFI], which originally operated overseas but shifted its activities back to Taiwan after the political climate there changed, convened its first "Central Committee session" in Taipei since its move to Taiwan. A number of "Taiwan independence" leaders returned from places like the United States and Japan, and at the session concocted the "WUFI platform" and "key tasks at the present phase," airing support for "one Taiwan, one China" and opposing exchanges across the strait.

On 24 October, WUFI president Zhang Canhong, who has been arrested and jailed by Taiwan authorities, shouted in public while out on bail for medical treatment that he would "risk his life" for "Taiwan independence."

On 1 November, another "Taiwan independence" element, Peng Mingmin, ended 22 years of exile abroad and returned to Taiwan to continue to peddle his fallacy of "Taiwan independence." "Taiwan independence" elements on the island seized the opportunity to organize a group of people and a convoy to welcome him at the airport and to swagger through the streets of Taipei.

On 25 November, Huang Zhaotang, a "Taiwan independence" leader who lived in exile in Japan, returned to Taiwan. The DPP organized a group of people to greet him at the airport, but some members of the Taiwan public staged a protest. The people were shouting: "'Taiwan independence' go home!" The two sides clashed, causing a bloody incident.

What caught people's attention was that during this adverse current of "Taiwan independence," in which one after another incident occurred, "Taiwan independence" elements within the Kuomintang [KMT] also embarked on their own political venture. During a "Legislative Yuan" session on 7 October, some KMT "legislators" collaborated with DPP "legislators" to table a motion opposing "one China" and supporting "one Taiwan, one China." At another meeting on 16 October, a handful of KMT "legislators" demanded that the authorities revise their policy of "one China."

"Taiwan independence" lacks public support. According to a poll conducted by the "Taiwan Political Research Center" and released recently, 90 percent of the leaders of social organizations opposed the political views of "one Taiwan, one China." Some Taiwan papers and

scholars have fiercely attacked the adverse current of "Taiwan independence" and held that regardless of "one Taiwan, one China" or "one China, one Taiwan" it is essentially a call for Taiwan's independence and an attempt to create two countries across the strait.

On 15 November, 15 Taiwan political and academic bodies held a mobilization rally in Taipei to "oppose independence, protect Taiwan, and defend the country." The rally issued a statement about "where the KMT is heading" which stated: "The small group of traitors who openly advocate turmoil and Taiwan independence will not get anywhere. What is appalling is that 'independent Taiwan' elements lurking in the KMT are now working hand in hand with 'Taiwan independence' elements. This will lead to trouble. If they succeed with their crafty trick, great disasters will surely befall the people."

On many occasions, some KMT officials have also attacked the "one China, one Taiwan" view and argued that any form of expression of "Taiwan independence" will have an unfavorable impact on the internal stability of Taiwan and on the situation across the strait. Pressured by public opinion, the KMT "Central Executive Committee" on 2 December decided to expel KMT "Legislator" Chen Zhenan from the party for advocating "one Taiwan, one China."

Public opinion in Taiwan held that the DPP, which suffered a crushing defeat in last year's "National Assembly" elections because they advocated "Taiwan independence," is presently capitalizing on the "democratic" atmosphere promoted by the authorities and has changed the tune to "one Taiwan, one China" to disguise its call for "Taiwan independence" to win voters in the year-end "Legislative Yuan" election; however, no matter how the call for "Taiwan independence" is being disguised, the people will cast it aside.

Article Criticizes Taiwan's 'Unwise Acts'

HK0612081092 Hong Kong WEN WEI PO in Chinese
5 Dec 92 p 11

[Article by Yu Yin (0205 7299): "Taiwan Authorities' Unwise Acts"]

[Text] At present, exchanges between the two sides of the Taiwan Strait are increasing, and the peaceful realization of national reunification has gradually become the common wish of the people on both sides. The Taiwan authorities, however, have consecutively made some unwise moves in violation of the wishes of the people on both sides of the strait.

First, Going All Out To Pursue "Substantive Diplomacy"

The PRC Government is the sole legal government of China, and this has been accepted by the international community as a whole. The Taiwan authorities still disregard this fact and continue to make diligent efforts

to change their embarrassing situation of keeping diplomatic relations with only a very small number of countries by going all out to pursue the so-called "substantive diplomacy" or "elastic diplomacy." On one hand, they tried by various means to impede the countries concerned from contacting China about establishing diplomatic relations; on the other, they sent officials to some African countries to lure them with "economic assistance" to undermine relations between these countries and China and to establish "substantive" relations with Taiwan.

Another ploy that the Taiwan authorities have adopted in pursuing "substantive diplomacy" was to invite senior officials from some countries that have diplomatic relations with China to visit Taiwan. The most recent instance was the visit by U.S. Trade Representative Carla Hills, a ministerial-level official of the United States, to Taiwan a few days ago. The Taiwan authorities were overwhelmed by the unexpected "favor" and arranged the "ministerial" talks and the "president's" meeting with the visiting U.S. official. The excitement lasted several days.

Second, Purchasing Weapons in Large Quantities

Since the early 1980's, the Chinese Government has taken the initiative in adopting a series of measures for easing the situation in the Taiwan Strait and making the strait situation increasingly stable. This is a fact known to the entire world. However, the Taiwan authorities did not do anything beneficial to the relaxation of the strait situation; on the contrary, they bought weapons from various countries and pursued the so-called "arms purchase diplomacy." After the Taiwan authorities bought 150 F-16 fighters from the United States, they recently again purchased 60 Mirage fighters from France. Of course, the U.S. and French governments' behavior of disregarding the repeated opposition of the Chinese Government and insisting on selling fighters to Taiwan constituted serious interference in China's internal affairs and deeply hurt the feelings of the Chinese people. The Chinese Government has separately lodged strong protests. In a situation of absolutely no threat against Taiwan's security, the Taiwan authorities bought large quantities of advanced fighter planes. This was certainly an unwise move.

It is noticeable that the Taiwan authorities often boasted of their wealth and had no qualms about spending the Taiwan people's money—accumulated by their hard work—on pursuing the "arms purchase diplomacy." As a result, this will be unfavorable to Taiwan's further development and the further enhancement of the people's standard of living and will inevitably arouse the people's resentment. It should also be mentioned that the Taiwan authorities' recent purchase of advanced military aircraft has exceeded its defensive needs and will inevitably obstruct the development of cross-strait relations and retard the process of peaceful reunification. This action will also add to the arrogance of some people who advocate "Taiwan independence" on the island. At

the same time, this action has also provided an opportunity for some foreign forces with ulterior motives to create "two Chinas." All this was completely contrary to the wishes of the people on both sides of the strait!

Third, Making Irresponsible Comments on the Hong Kong Issue

As all people know, the current dispute over Hong Kong's political structure was completely provoked by [Hong Kong Governor] Chris Patten, and the essence of the dispute is whether China and Britain should continue to abide by the Joint Declaration and other agreements and understandings they reached in the past and whether the development of the political structure should converge with the Basic Law. The Taiwan authorities deliberately distorted the essence of the dispute, with some senior officials in Taiwan saying that the dispute was caused by the "unwillingness of the CPC authorities to give democracy to the Hong Kong people." A certain Taiwan residential representative in Hong Kong departed from his normal low-profile behavior and began to frequently make comments on public occasions. He said: "As the CPC was unwilling to give even a little bit of democracy to the Hong Kong people before it recovers Hong Kong, how can people believe in its sincerity for implementing 'one country, two systems'?" By saying this, he openly fanned the flames of the Hong Kong people's discontent with the Chinese side and added fuel to the fire in the Sino-British dispute over the political arrangements. The newspaper run by the Taiwan authorities in Hong Kong completely took the Hong Kong British authorities' side in the political dispute. It confounded right and wrong, misled its readers, and backed up the "political reform" planned by the Hong Kong British authorities.

The Taiwan authorities must be well aware that the Hong Kong issue is a problem left from history, and Hong Kong has come to a critical moment of wiping out the national humiliation that China suffered more than 100 years ago. Hong Kong's return to the motherland and the maintenance of Hong Kong's prosperity and stability is the common desire of the entire Chinese nation, including the Taiwan compatriots. The Taiwan authorities are not in a position to make irresponsible comments over the Hong Kong issue [zai xiang gang wen ti shang shuo san dao si shi hen bu shi yi de 0961 7449 3263 0795 7344 0006 6141 0006 6670 0934 2508 1771 0008 6624 1355 4104].

I recall that the Taiwan authorities issued a statement a few days ago on the meaning of their "one China" principle. Of course, I cannot accept such an explanation of "one China," but I still appreciate the statement's position of solemnly condemning "Taiwan independence" and "one China, one Taiwan." So the Taiwan authorities should bring their behavior into line with their words, and stop the above-mentioned unwise activities which go against the trend of the times. In his report

to the 14th CPC National Congress, General Secretary Jiang Zemin expressed the hope that the two sides of the strait will officially end the state of hostility and hold talks on an equal footing. Only this is the best way to gradually eliminate hostility between the two sides and ensure security and stability over the strait, and the Taiwan authorities should give it careful consideration.

Islands' Development of Ties With Mainland Urged

OW0812095592 Beijing XINHUA Domestic Service in Chinese 0859 GMT 7 Dec 92

["Commentary" by XINHUA reporter Wan Hongqiang (8001 4767 1730): "Cross-Strait Exchanges Are Essential for Development in Jinmen and Mazu"]

[Text] Beijing, 7 Dec (XINHUA)—Beginning at zero hour today, people on Jinmen [Kinmen] and Mazu [Matsu] ushered in the day they had long awaited: an end to the 36-year military administration of these two offshore islands following the lifting of martial law declared by the Taiwan authorities. According to public opinion, this day, which finally came five years after Taiwan permitted its people to visit their families on the mainland, is yet another example of the constantly improving state of mainland-Taiwan relations.

Many years of military administration turned the two islands into "economically undeveloped islands" with numerous military installations. Owing to lack of transportation facilities, scarce resources, a feeble industrial foundation, and listless fishery on these two islands, the people there face the formidable task of developing production and improving their livelihood. A member of the Taiwan media sighed: "Like birds just released from a cage, they have to relearn how to fly."

While visiting Fujian last spring, this reporter met a fisherman from Jinmen. He frankly admitted that foods and commodities used to be very expensive on Jinmen because they had to be shipped from Taiwan, but that the prices had fallen because of trade at the sea. I gathered from this conversation that he was eager to see mainland-Jinmen exchanges develop. As a matter of fact, the development of exchanges between Jinmen and Mazu and the mainland has always been the aspiration of the people on these two islands. Over 3,000 people on Jinmen alone have relatives in coastal Fujian, and non-governmental contacts never ceased, even during those years when relations between the two sides were tense.

In recent years, Xiamen, which is separated from Jinmen only by a narrow strip of water, has been enjoying rapid economic growth, and the city has become a thriving and promising special economic zone with many factories funded by Taiwan investors. Thus, many scholars in Taiwan maintain that Jinmen's potential for development will be limitless if it serves as an intermediary between the mainland and Taiwan. The Fujian provincial government and people of all walks of life in Taiwan

have on many occasions called on Jinmen and Xiamen to open their doors to one another; and they have also called on Mazu and Mawei [in Fujian] to take the lead. It is hoped that the Taiwan authorities will heed the needs

of the people, act pragmatically, and let these two islands develop contacts with the mainland in all fields, so as to live up to the expectations of the people on the two islands.

U.S. Trade Pact, Lowering of Barriers Supported

OW0812043092 Taipei CHINA POST in English 4 Dec 92
p 4

[Editorial: "A Trade Pact With the U.S."]

[Text] Taiwan should welcome the proposal by U.S. Trade Representative Carla Hills to conclude an investment and trade framework agreement between this island and the United States.

Hills, who left Taipei yesterday after a three-day visit, made the proposal in a keynote speech delivered at the opening of an annual ROC-U.S. economic conference attended by hundreds of top U.S. and Taiwan businessmen.

Ambassador Hills suggested that the agreement would focus on fair trade principles in intellectual property rights protection and services, while providing a basis for regular bilateral consultations.

An agreement of this kind should help strengthen bilateral relations. This is especially important to Taiwan, because the U.S. is our largest export market and plays a vital role in meeting our needs for key equipment and technology.

But authorities must not fail to recognize that Hills' proposal to sign a trade and investment pact with this island represents only part of Washington's effort to press for open and fair trade around the world.

This means that Taiwan, in agreeing to the proposal for a bilateral trade pact, must accelerate the pace of economic liberalization to open wider its markets to foreign goods and services.

For some businesses, especially those in the agricultural sector, fast liberalization may prove painful. But it would be wrong, to hesitate in liberalizing just because of some painful adjustment problems.

Government authorities must also recognize that the U.S.'s pressing for fair trade is identical with the principles of the General Agreement on Tariffs and trade (GATT), a world trade body which Taiwan is applying to join.

With new agreements reached at its soon-to-be concluded Uruguay Round of talks, GATT will move further to promote free trade, particularly in services, technology and agriculture, among its member nations.

As a leading trader in the world, Taiwan should have more reason than most other nations to support global efforts to eliminate trade barriers in favor of free commerce.

World Support for Hong Kong Reform Urged

OW0812043292 Taipei CHINA POST in English 4 Dec 92 p 4

[Editorial: "Hong Kong's Reform Needs World's Support"]

[Text] Major world industrial democracies should render support for Hong Kong Governor Chris Patten's proposal for democratic reform in the territory, which Beijing appears determined to prevent from being carried out.

For the last few months, Beijing leaders have kept blasting Patten in a futile attempt to force him to drop the proposal for democratic changes in the British colony before it reverts to communist Chinese rule in 1997.

Lately, Beijing has reinforced its attacks over Patten's reform plans by declaring that any changes and contracts made by the Hong Kong government without its endorsement will be torn up after the mainland takes over the territory.

The remarks apparently were intended to shake Hong Kong's business community's confidence and have already achieved their desired effects. The Hang Seng stock market index has plunged 14 percent, or US\$100 billion in value, over a period of two weeks.

By shaking Hong Kong's business confidence, Beijing leaders obviously hope to unnerve investors and the people, in general, prompting them to withdraw their support for Patten's reform plans.

Should Beijing succeed in blocking Hong Kong's democratic reforms, it will have far-reaching effects on the territory and the rest of the world. If the people in Hong Kong cannot even decide to elect more of their legislators now, they have no reason to expect that Beijing will honor its promises to allow them to preserve their capitalist system and retain a high degree of autonomy for 50 years after 1997.

If Hong Kong cannot preserve its capitalist system and has no right to choose its own government after being handed over to Communist China, it will be impossible for the territory to sustain its economic prosperity and to maintain its role as the freewheeling business hub in the region.

In view of this, countries, such as Japan and the United States, which have major economic interests in Hong Kong, should come out and give firm support for Governor Chris Patten over his democratic reforms.

Aside from economic interests, major industrial democracies should also back Patten's political reform plans for humanitarian concerns. There is no reason that Hong Kong people's desire to pursue more political freedom and greater democracy should be blocked by Beijing.

Beijing is now casting its opposition to Patten's proposal to increase democracy in Hong Kong in sovereign terms to mislead people at home and abroad. The proposal, of course, has nothing to do with the sovereignty of Hong Kong.

One real reason behind Beijing's opposition to the proposed democratic reform is that a Hong Kong governed with mandate from its own 5.9 million people will make it difficult for the mainland to wield communist influence in the territory.

Also the mainland fears that allowing Hong Kong bordering on its southern coast, to flourish democratically will lead to a "peaceful evolution" that could undermine in communism in mainland China.

Hong Kong

Commentary on U.S. Advocacy of 'Splitting China'

HK0812053992 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1157 GMT 7 Dec 92

[Commentary by Chu Ke (2806 1356): "The United States' Ravings About Hong Kong Independence"]

[Text] After the Hong Kong and Macao Affairs Office of China's State Council issued a statement that all contracts and agreements in Hong Kong extending beyond 30 June 1997 that are not agreed to by the Chinese Government are invalid, Florida Senator Mack—who is far away on the other side of the Pacific Ocean and has nothing to do with the Hong Kong issue whatsoever—made a statement calling on Hong Kong to hold a referendum so that the residents in Hong Kong can decide whether to hand Hong Kong, as it is now, over to China after 1997, or to retain the status of a British colony, or to become completely independent.

This Mr. Mack, who became a senator only in 1988, had such audacity to make indiscreet remarks on the issue of Hong Kong despite his meager knowledge of international affairs. Chris Patten may regard it as a success in his effort to enlist international support, but the fact that Senator Mack irresponsibly stated his position on something which has no relevance to the United States did nothing but expose his ignorance and prejudice. Besides, he is obviously not very good at U.S. history and has not learned anything from historical experience.

On 12 April 1861, over the issue of black slaves, the southern states of the United States tried to, by force of arms, pressure the federal government in the north to approve their independence. The northern government, with Lincoln as the core, eventually forced the southern states to return to the federation after four years of Civil War. On the surface, Lincoln made up his mind at that time to fight this Civil War because he wanted to liberate black slaves, but the most important reason was that the southern half of the U.S. territory was about to be detached from the federation and the crisis of territorial disintegration was impossible to avoid without the use of force. If Senator Mack had a knowledge of U.S. history and agreed that it was correct for Lincoln to safeguard national unity by force of arms, why is he now advocating that Hong Kong, the sovereignty of which is returning to China in 1997, should continue to be a British colony and even go independent? Why is he advocating splitting China?

In the past 150 years, the British colonialists did not let Hong Kong residents enjoy democracy and human rights that were up to the Western standard. Deep down, the British Government is very aware of this. And those countries which advertise democracy and human rights, such as the United States and Australia, never said a word of criticism about the lack of democracy in the British rule of Hong Kong, nor demanded Britain give

more democratic rights to the residents of Hong Kong. But today, suddenly, they have become so concerned with the Hong Kong issue. There is probably no other convincing reason than that they find it unacceptable for China to regain Hong Kong's sovereignty.

However, they should understand that Hong Kong's return to China on 1 July 1997 is an irreversible fact. All issues about Hong Kong after its return to China are China's internal affairs. With regard to the direction and pace of Hong Kong's future political structural development under the principle of "one country, two systems," the people of Hong Kong and the Chinese Government may consult each other and seek common understanding and solutions. The British are not in a position to interfere with this—let alone the Americans or Australians. They can do nothing but make noises. As they have to consider their own interests, it is probably extremely difficult for them to make sacrifices for the people of Hong Kong. If Chris Patten does believe that he can win international support and consequently force China to endure humiliation and give in, it will only add to the proof of his ignorance of China's politics. Percy Cradock, former special foreign affairs adviser to the British prime minister, recently said that China will not give in on the question of national dignity and it is a very serious mistake to underestimate China! After all, this is a wise comment.

PRC Plans 'Substantive Measures' for Stability

HK0812040792 Hong Kong WEN WEI PO in Chinese
8 Dec 92 p 2

["Dispatch" from Beijing by staff reporter Chen Chien-ping (7115 1696 1627): "Beijing Is Preparing for the Worst Which Might Occur in Hong Kong, and Various Central Departments Are Deliberating on a Series of Measures Aimed at Maintaining Hong Kong's Stability"]

[Text] Beijing, 7 Dec (WEN WEI PO)—A senior central leader recently briefed department-level and bureau-level [si ju ji 0674 1444 4787] cadres in various central organs about Hong Kong affairs and pointed out: When facing Hong Kong's current problems, China is prepared for the worst situation. The central leadership holds that struggle over the Hong Kong issue will be unavoidable. The position of the central leadership is to firmly demand that the Hong Kong British authorities return to the path of the Sino-British Joint Declaration; otherwise, the Chinese side will certainly restart everything [ling qi lu zao 0659 6386 3619 3501].

An authoritative source here quoted the senior central leader as saying that the essence of the Hong Kong issue for now is whether we can resist the disruption and obstruction and resume the exercise of sovereignty over Hong Kong on 1 July 1997 according to the Sino-British Joint Declaration. As an old colonialist power, Britain has left behind a chaotic situation in withdrawing from every colony since the end of World War II. This time, the Hong Kong British authorities set forth the so-called

constitutional package, aimed at leaving a disorderly entity to Hong Kong after 1997 and making the situation out of control under the government of the Special Administrative Region.

The senior leader said: The analysis of various facts shows that Chris Patten, the new governor of Hong Kong, pursued his constitutional package without regard to anything else, and his first attempt was to build up his personal prestige and prepare to return to the political circles in Britain. We must carry the struggle through to the end [feng pei dao di 1144 7111 0451 1646] against Patten's current practice of violating the Sino-British Joint Declaration and violating the understandings and agreements reached between the Chinese Government and the British Government on Hong Kong's political structure.

He said: A major factor for Hong Kong's prosperity and stability is the mainland's support. If Hong Kong is brought into chaos [ru guo gao luan le xiang gang 1172 2654 2269 0052 0055 7449 3263], the mainland will just be slightly affected, but Hong Kong's economy and the Hong Kong people's livelihood will be seriously affected. Therefore, the Chinese side has emphatically pointed out to the British that if the British side does not abide by the Joint Declaration and perversely take unilateral action, we shall certainly restart everything [ling qi lu zao 0659 6386 3619 3501]. The leader said that we should be prepared against the worst situation, but should also strive for the best results by doing more work.

It is learned that high-ranking leaders in Beijing recently held meetings in various forms to brief cadres on Hong Kong affairs. The signs show that because Hong Kong affairs are related to many central departments, the central leadership is preparing the adoption of some substantive measures for maintaining Hong Kong's stability and prosperity.

Sino-British Group Meeting Opens in 'Tense Mood'

HK0812065592 Hong Kong AFP in English 0638 GMT
8 Dec 92

[Text] Hong Kong, Dec 8 (AFP)—A senior Chinese official Tuesday [8 December] rejected any discussion with Britain on Hong Kong Governor Chris Patten's proposals for political reform in the colony.

"We will not discuss the political reform proposals by the British, and we will not give any counter proposals. We will not go round in circles with the British and dance the tango with them to their music," said Guo Fengmin, head of the Chinese side at the Sino-British Joint Liaison Group (JLG).

He was speaking as the JLG, which is meant to arrange a smooth takeover of Hong Kong by China in 1997, opened a three-day meeting here in a tense mood amid an escalating Chinese offensive against the reforms

which has caused the Hong Kong stock exchange to fall more than 20 percent in a week.

China alleges that the Patten proposals, which will introduce a little more democracy into the Hong Kong legislature before 1997, are against the Sino-British Joint Declaration of 1984 and the Basic Law under which Hong Kong will be governed after 1997. "We will discuss whether we want to converge with the Basic Law," Guo said before the meeting.

After the first three-hour session, Guo said the Chinese team had stated its position in a "frank and serious" way. British team leader Anthony Galsworthy also said that "both sides had presented their point of view."

Security was tight unlike past meetings and the media had to undergo strict security checks before being allowed into the compound of the building where the meeting was held.

A group of about 20 students from local universities and colleges gathered outside the building, carrying banners and chanting: "We want self determination. No more secret deals." They dispersed shortly after the meeting started.

The business community is closely monitoring the JLG meeting. The Hang Seng Index, the key barometer for business confidence in the colony, ended morning trading on the bourse Tuesday a further 71.92 points down on low turnover.

UK 'Lied' on Agenda

HK0812011392 Hong Kong SOUTH CHINA
MORNING POST in English 8 Dec 92 p 1

[By Fanny Wong and Doreen Cheung]

[Text] China yesterday accused British officials of lying and denied that the two sides had reached an agreement on an agenda for today's plenary session of the Joint Liaison Group (JLG).

Sources close to the Chinese JLG team said there was nothing on the agenda and there was nothing for the two sides to discuss.

It seems likely the scheduled three-day session will be curtailed, with the possibility of the Chinese team led by Mr Guo Fengmin walking out after delivering a statement accusing the British side of failing to observe the principle and spirit of cooperation as outlined in the Joint Declaration.

A source acknowledged that such a move would be worse than cancelling the meeting, noting that the Chinese side is already bracing for another day of plunging prices on the stock market.

A walkout could slash another five percent off the Hang Seng Index today, stock market analysts have warned.

The dispute has already cut share prices by 20 percent from the record level of mid-November.

The Hang Seng Index closed at 5,191.75 yesterday, down 76.35 points, in light trading as investors waited for news from the JLG meeting.

Analysts said little good news was expected and since the market was prepared for this, share prices would not suffer if no significant progress was made.

But a major break up could cause another disastrous day for share prices similar to last Thursday [3 December], when the Hang Seng Index lost eight percent in the biggest fall since the Beijing massacre in June 1989.

Rumours of the cancellation of this week's JLG meeting, later denied, were the most important factor in that fall.

The head of research for Kleinwort Benson, Mr Hugh Peyman, said the index could fall as low as 4,900, although the market was getting used to tough statements.

"It won't be as bad as them saying that they won't honour contracts past 1997. It's like getting another punch—it's never as bad as the first," he said.

Hong Kong shares were steady in trading late last night in London, again on low volumes as investors waited for news.

A Chinese source said the dispute over Hong Kong's future constitutional development was not conducive to any communication between the two sides. The source noted that Beijing was a hostile mood where the Governor, Mr Chris Patten, was concerned.

But a British Foreign Office spokesman in Hong Kong last night denied the British side had lied. He insisted there was an agreed agenda for the JLG session and the British side had not disclosed the agenda.

British JLG team leader Mr Tony Galsworthy said yesterday the team would do its best to make some progress in the meeting. "Well do our best. But the atmosphere is not very good. So I am not over optimistic," he said after meeting the British ambassador to Beijing, Sir Robin McLaren, who arrived in Hong Kong on Sunday.

Sir Robin, who met senior Hong Kong officials yesterday, will brief the Executive Council today on Beijing's latest position. Although he will not be taking part in the JLG meeting, Sir Robin said the best way to break the current impasse was for China to discuss Mr Patten's political package.

Commenting on the JLG talks, a vice-director of the New China News Agency [XINHUA], Mr Zhang Junsheng, asked if the British side had not honoured things that were discussed in the past, how could the two sides conduct any talks now.

Asked about the British side's intention to raise Mr Patten's constitutional package at the JLG, he said it was inappropriate to disclose in advance what was to be talked about.

Mr Zhang noted that China wanted good development on the stock market and other economic fronts.

"This is the wish of Hong Kong people. Unfortunately, Mr Patten has breached the Joint Declaration, the Basic Law and the Memorandum of Understanding on the new airport and challenged the cooperation (of the two sides), stirring up the dispute, which should not have taken place," he said.

Until now, the Government has shown no intention of back-peddalling although officials have urged legislators and the public to submit counter proposals if they are not satisfied with Mr Patten's blueprint.

Although the Government believes for the time being that Mr Patten's proposals could win majority support in the Legislative Council, officials are concerned that the situation might be reversed by next February when the draft legislation is to be tabled.

Linkage With European Exchange Mechanism Rejected

HK0812030292 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0923 GMT 24 Nov 92

["Commentary" by Yu Cheng (6735 2052)]

[Text] Hong Kong 24 Nov (ZHONGGUO TONGXUN SHE)—People cannot be too careful in facing the monetary storm that has resulted from Western currencies being continuously assaulted by heated market speculation. As there is a much higher chance that the European monetary mechanism will be reorganized, it is all the more inappropriate for Hong Kong to consider a basket currency exchange mechanism. A currency exchange mechanism which links the Hong Kong dollar to the U.S. dollar continues to be best suited to the actual conditions of Hong Kong's economy and finances.

In the nine years or so since the implementation of the linked exchange mechanism, all facts have shown that this system can actually achieve the goal of stabilizing the exchange rate of the Hong Kong dollar in periods of major political and economic turbulence. Opinions vary between Hong Kong residents however, and one proposal is that Hong Kong should implement a basket currency exchange mechanism. Leaving aside the question of the current continuous European monetary storms, the basket currency exchange mechanism involves quite a few technical problems, and it will be difficult to stabilize the Hong Kong dollar's exchange rate.

If the Hong Kong dollar is linked to the basket currency exchange mechanism, a comprehensive index should be formulated no matter how many currencies are involved.

At the same time, it is necessary to determine the proportions of the linked currencies within 100 points, and the monetary authorities will have to keep the comprehensive transaction index for those currencies within 100 points when there is a need to maintain order in the open market. This will be complicated and energy-consuming; furthermore, profiteers are likely to speculate, and the Hong Kong dollar's exchange rate will hardly be stabilized.

Actually, profiteers will be able to arbitrarily speculate in one or two currencies in the basket, while continuously changing their objects of speculation. As a result, the monetary authorities who are charged with maintaining order will be exhausted from dealing with this situation and trying to stabilize the comprehensive index. Even if the monetary authorities are enthusiastic in implementing currency policy, it will be difficult to achieve the expected goals, because they will have to take care of too many currencies and the market is forever changing. By the time they discover that they need to intervene with a certain currency in the basket due to overheated speculation, the focus of speculation will have shifted to another kind of currency. This is somewhat similar to the problems currently facing Western Europe in its monetary storms.

Major international speculators in foreign exchange have continuously speculated in several major West European currencies over the past few months; consequently, several countries' central banks have given up the long-standing understanding and cooperation between them, with each fighting to protect its own currency. Several central banks have separately raised or cut interest rates by a wide margin; some have even devalued their currencies; and one central bank has even decided to separate from the European currency mechanism. The intrinsic problems of the basket currency exchange mechanism are making themselves keenly felt; furthermore, those problems will not be easily resolved, and the basket currency exchange mechanism will not be able to withstand great challenges.

If Hong Kong, as proposed, were to link the Hong Kong dollar to the basket currency exchange mechanism, to a large extent it will be included with West European currencies, such as the pound sterling and the German mark; inevitably, the Hong Kong dollar will be assaulted by the monetary storms in Western Europe. The system of linking the Hong Kong dollar's exchange rates to the greenback, a practice which the Hong Kong Government has persisted in following for many years, has been able to achieve the expected end of stabilizing exchange rates. Without a doubt, the Hong Kong dollar will continue to stay firm at the exchange rate of 7.73 and 7.74 against the dollar, with the range of fluctuation confined to only 100 points. That is outstanding performance.

The Hong Kong Government's plan to merge its Administration for Foreign Exchange Fund with its Banking Commission and found a Monetary Administration, along with the framework presented in recent years,

which includes the new accounting arrangement and the regulation mechanism for circulating funds, have all convincingly showed that the existing system of linking the Hong Kong dollar to the U.S. dollar in exchange rates will remain unchanged. As long as this system is making great and positive contributions to Hong Kong's finance and currency, it should stay.

Journal Claims People 'Strongly Discontented'

HK0712151192 Hong Kong TZU CHING in Chinese
No 12, 5 Dec 92 pp 9-10

[Article by Chiang Hai-tung (3068 3189 1350): "Chris Patten Brings Misfortune to Hong Kong People by Resorting to Confrontation"]

[Text] Since Chris Patten made his policy address and evoked disputes between China and Britain, his "constitutional package" has been receiving more and more criticism and opposition from the Hong Kong people. People are not only strongly discontented with Chris Patten, who has used Hong Kong's future as a stake and resorted to confrontation with China, but are also deeply worried about the possible turbulences in society which can be caused by great changes in Hong Kong's constitutional structure. Although the Chinese Government has repeatedly and sincerely advised Chris Patten to change his incorrect stand and return to the track of observing the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the understanding reached by the British and Chinese governments, there are indications that Chris Patten will continue to go his own way and follow the path of confrontation.

Undoubtedly, if Chris Patten's package is implemented, the Sino-British Joint Declaration and Sino-British cooperation and mutual trust will be seriously damaged and Hong Kong's smooth transition will be seriously harmed. In the transitional period, Hong Kong's executive-led political structure, and the principles of balanced participation and developing a democratic political structure in an orderly way and step by step, will all be discarded. The advantages of Hong Kong's original political structure and the factors of economic success will encounter a serious threat. It can be predicted that in the next four and a half years, there will be breakups and turbulence in Hong Kong's society and Hong Kong's prosperity and stability will be seriously damaged.

This is by no means alarmist talk to frighten the people but a harsh reality. In fact, things which harm the prosperity and stability of Hong Kong, which are detrimental to the Hong Kong people living and working in peace and contentment, and which people do not want to see, have already appeared.

To Break Up Hong Kong People, Sharpen Social Contradictions, and Create Social Disturbances by Greatly Changing the Constitutional Structure

Chris Patten threatened the Hong Kong people by saying that only when there is democracy in Hong Kong can

they retain their original way of life. To retain their original way of life, they cannot but resort to confrontation with China. Without confrontation, there will be no democracy. Of course, this is but an "empty threat" by Chris Patten.

Referring to democracy, Hong Kong can enjoy real democracy only after China exercises sovereignty over it. In the Sino-British Joint Declaration, China announced its basic policies and principles toward Hong Kong, which provided details of the democracy to be practiced in Hong Kong. After that, there were also definite stipulations in the Basic Law for the Hong Kong Special Administrative Region. After 1997, Hong Kong will develop democracy in an orderly way, and step by step, and will carry out a comprehensive general election a short time later. The people of Hong Kong will not only enjoy democracy but also preserve their original way of life. There will not be such a problem as resorting to confrontation with the hinterland. "To develop in an orderly way and step by step" refers not only to advancing in an orderly way and step by step but also includes the development of the constitutional structure in an orderly way and peacefully without turbulence. This entirely conforms with Hong Kong's reality and is conducive to Hong Kong's stability and prosperity. With ulterior motives, Chris Patten has put forward an illogical assumption and forced the Hong Kong people to break up and confront one another in order to make their choices. Moreover, he has guided some Hong Kong people onto the road of confronting the hinterland.

To push the Hong Kong people onto the road of confronting with the hinterland, Chris Patten turned a blind eye and deaf ear to the numerous criticisms from various circles. He placed all kinds of restrictions on the different views and even pushed people in the industrial and commercial circles, who held different views, out of the circle of "Hong Kong residents." Under the control of the British Hong Kong Government and Chris Patten, the Legislative Council [Legco] was pushed onstage to assume "final responsibility" for a constitutional package not decided by itself. In less than one month's time, a motion in favor of Chris Patten's constitutional package and discarding convergence with the constitutional structure, which was put forward by the same councilor (McGregor, former secretary of the Hong Kong Chamber of Commerce and British), was passed twice. Some pro-Britain and anti-China politicians, who always want to see Hong Kong plunged into chaos, have jumped out one after another to oppose convergence with the Basic Law. They attacked "convergence" as a wagon carrying Hong Kong people toward "hell," abused the "through train" as a "red coop for pigs" and the Basic Law as "long and stinking bandages binding women's feet," and advocated that "convergence is the enemy of the Hong Kong people." They took all this as the "popular will" and used it to exert pressure on the Chinese side. Thus, plotted by Chris Patten, two factions have been formed, namely, the "convergence faction" and the "nonconvergence faction." The Hong Kong

governor is chief of the "nonconvergence faction" and those of the "convergence faction" have become dissidents. This situation has aroused resentment as well as worry among the Hong Kong people.

As a matter of fact, anyone with good sense can easily see that the "constitutional package" has brought about a pattern of political breakup and mutual confrontation. The Executive Council [Exco] and the Legco have been thoroughly separated, which has led to confrontation between the two councils. Legco's power has increased, bringing clashes between the council and government departments. In Legco, the pro-Britain and anti-China faction has been propped up, resulting in confrontation between different factions. In future, the political atmosphere on Hong Kong's political stage which is characterized by seeking common understanding, will be replaced by confrontation between two factions trying to defend those who belong to them and attack those who do not. Hong Kong's social stability faces a serious threat.

Shocking the Economy, Affecting People's Livelihoods, and Worsening the Investment Environment by Greatly Changing the Constitutional Structure

Economic development cannot be promoted without a stable political situation and a stable social environment. Violent political changes, and the disputes and confrontation over policy decisions following such changes, can only bring about a turbulent and unpeaceful situation which will obstruct economic development and affect the people's livelihood. No financial group will invest money in a place where the political situation is unstable. If the investors are frightened and run away, economic shrinkage will inevitably take place in Hong Kong and this will directly harm everyone in this city. Obviously, Chris Patten's policy of confrontation harms not only the interests of the Hong Kong people but also the interests of all foreign investors, including British investors.

Hong Kong's economy is closely related to the economy of China's hinterland. It is necessary to maintain social stability in Hong Kong and a good relationship between Hong Kong and the hinterland in order to protect its interests. However, Chris Patten has replaced cooperation with confrontation and acted willfully to carry out his political reform, which is aimed at sabotaging convergence and smooth transition. This will inevitably bring harm to both sides but especially to the Hong Kong people. It is against the will and interests of the Hong Kong people.

Let us look at the "constitutional package" itself again. The core of the political reform is to change Hong Kong's political structure from the executive-led structure to one with legislation as the center. The continuous expansion of Legco's power will inevitably result in a legislative-led structure or even a structure in which the executive is drowned by disputes between political factions. Undoubtedly, this will undermine Hong Kong's effective

operational mechanism and bring about negative influences on its economic development. The "constitutional package" changes the number of seats for the 1995 direct election from 20 according to the agreements and understanding reached by the two governments, and the relevant decisions of the National People's Congress [NPC], to 39, to the neglect of Hong Kong's actual conditions for democratic development. It is an intentional attempt to increase the factors for undermining Hong Kong's social stability. The change of the nature of election of the functional constituencies by the "constitutional package" will also greatly weaken the representativeness of the industrial and commercial circles and professionals in Legco. It will inevitably undermine the principle of balanced participation and harm the consistency of Hong Kong's industrial and commercial policies and tax policy. It will inevitably lower the quality of government decisions and push Hong Kong into an inferior position in international competition. All these political reform measures will bring about great impact on Hong Kong's economy.

Recently, people from Hong Kong's industrial and commercial circles, in turn, broken their silence and put forward demands for convergence of the political structure and a smooth transition. The statements of the Hong Kong Industrial and Commercial Professionals Association and the Chinese General Chamber of Commerce declare that a smooth transition in 1997 and the convergence with the Basic Law "conform with the interests of the Hong Kong people." Otherwise, "there may be extremely serious consequences to the entire society and economy." We believe that these opinions and views represent not only the voices of the majority of people in the industrial and commercial circles but also the will of the great majority of Hong Kong people.

Plunging Hong Kong Into the Whirlpool of International Political Struggle, Leading Hong Kong to the Wrong Road of "Independence" or "Semi-Independence"

Being aware of the great disparity in strength, Chris Patten, who is challenging China, has resorted to using the "international card," lobbying the West for support and attempting to internationalize the Hong Kong issue. However, the support from several individuals in some Western countries does not give him much help. The time when imperialist powers carved up China has gone forever. Hong Kong is a part of China's sacred territory. To be sure, Hong Kong affairs are to be handled between the Chinese and British Governments before 1997 in accordance with the Sino-British Joint Declaration. However they will be treated as China's domestic affairs after 1997. So, neither before nor after 1997 are foreign governments entitled to meddle in Hong Kong affairs. Hong Kong is not another Lebanon. Chris Patten's playing of the "international card" simply exposes his wicked intention of involving Hong Kong people in international political wrestling and stirring up turmoil in the territory.

Chris Patten's deliberate attempt to force through his constitutional reform package which violates the joint declaration and is incompatible with the Basic Law has shown people still more clearly the new British colonialists' wicked plot. The "constitutional package" shows that Chris Patten is trying to turn Hong Kong into an independent political entity and to make Hong Kong itself a source of power by such means as changing the existing political structure, expanding Legco's authority, and introducing full direct elections in a disguised form, to maintain Britain's political and economic interests in Hong Kong beyond 1997. However, any attempt to promote an "independent" or "semi-independent" Hong Kong will finally prove to be absolutely impossible.

Some people of goodwill may still have doubts and illusions about this but history and reality have already proved incontrovertibly that no good will can change the new colonialists' subjective desire.

History has shown that Britain has exercised, without exception, an autocracy by a governor in all its colonies and only upon its withdrawal from the colonies does it introduce a "representative government system" and transplant the British-style party politics by fostering pro-British forces, creating trouble, and stirring up national, religious, or territorial disputes, in an attempt to fish in troubled waters and to maintain British rule without Britons.

During the past 150 years of British rule over Hong Kong, the territory has never enjoyed any democracy. As objectively pointed out by a major Hong Kong newspaper in its editorial, there is no democracy under colonial rule; if there is any, it is not colonial rule. In the early 1980's, when Britain realized that China would recover its sovereignty over Hong Kong, it took to introducing representative government in a hurry under the pretext of "transferring political power back to the people." This is exactly the trick of so-called "keeping aloof from China through democracy" or "resisting China by democracy," as people pointed out long ago. By this measure the British are trying to foster pro-British agents to turn Hong Kong into an independent political entity. Although this attempt has been exposed and curbed, some people in Britain have not given up their attempt. The so-called "democratic through train" presented by Chris Patten is nothing but the old trick of "transferring political power back to the people" under new wrappings. And Chris Patten's trick of dividing Hong Kong people and leading Hong Kong into confrontation with its suzerain state is exactly the same as how the old colonialists played before. Only from this point of view will one be able to reveal in a logical manner Chris Patten's real purpose in insisting on confrontation. Recently, Chris Patten made an exception in entertaining a member of the Taiwan Kuomintang Central Committee in the Hong Kong Governor's mansion. This is another case showing his intention—he has gone so far as to resort to every means, either by hook or by crook, in his attempt to turn Hong Kong into an independent

political entity. He has not only played the "international card" but also the "Taiwan card." A new Legco member appointed by Chris Patten soon after he assumed the governorship is a figure who maintains links with the Taiwan Independence Movement and has now become Chris Patten's "fighter" and "daring vanguard."

A number of pro-British, anti-Chinese politicians who are now going all out to promote "internationalization of the Hong Kong political issue" and to "advocate independence for Hong Kong" have rallied under Chris Patten's banner of "constitutional reform." These people have been calling for an amendment to the Joint Declaration and a revision of the Basic Law. Some of them have got their British passports and therefore can well ignore any commitment to Hong Kong's future. They are absolutely obedient to the British side and always join in the chorus as soon as Chris Patten starts singing. They have even openly called for a referendum as a means of deciding local constitutional development, banging the drum for Chris Patten in his effort to introduce a constitutional mode aimed at depriving China of its sovereignty over Hong Kong. If their attempt succeeded, Hong Kong's future would be ruined and there would be no peace in the territory.

The confrontation between China and Britain as a result of Chris Patten's provocative acts contravene the Hong Kong people's fundamental interests as well as Britain's long-term economic interests in Hong Kong and, particularly, in mainland China. His attempt will prove in vain in the end. If he keeps on acting willfully, then the outcome of the 1995 elections will last two years at the most. The Chinese Government has repeatedly reiterated its solemn stand that there will be no compromise on matters of principle. Even if Chris Patten stubbornly insists on his own way, the Chinese Government is fully capable of maintaining prosperity and stability in Hong Kong and recovering its sovereignty over the territory. The damage to stability will only be a transient effect and, after all, the course of history will disappoint a small number of politicians with ulterior motives. Anyway, we would still like to advise Mr. Patten and certain members of the British side to set store by Hong Kong's prosperity and stability as a matter of prime importance and the common interests shared by China and Britain. May they return to the right path.

XINHUA Commentary on Patten's 'Plot'

OW0712225692 Beijing XINHUA Domestic Service in Chinese 1059 GMT 7 Dec 92

[Commentary (6615 6097) by XINHUA reporter Duanmu Laidi (4551 2606 0171 1229)]

[Text] Beijing, 7 December (XINHUA)—As the disturbance stirred up by Hong Kong Governor Peng Dingkan's [1756 1353 1660—Chris Patten] "political reform proposal" continues with no end in sight, the British authorities in Hong Kong, which are headed by him, have unilaterally approved

the contract for container terminal No. 9, a project that would last beyond 1997, and a contract for the new airport platform. People cannot help but ask: What is Peng Dingkan trying to do?

The 48-year-old Peng Dingkan's original name is Chris Patten [ke li si pa teng 0344 6849 2448 1584 3326; in the rest of the commentary, HK Governor Chris Patten's name is rendered phonetically from the English, instead of in the Chinese—Peng Dingkan—which is the format XINHUA Domestic in Chinese normally utilizes]. Just before taking the post of Hong Kong governor in July, he especially chose a Chinese name, Peng Dingkan, in an effort to win Hong Kong people over to his side. In his inaugural speech, he also declared that he would maintain Hong Kong's existing system, raise its economic competitiveness, improve its social welfare and order, and establish mutual trust and cooperation with China; however, in less than three months, his actions have revealed that his promises to the Hong Kong people were no better than pretty bubbles.

This British politician first dished out a "political reform proposal" aimed at instituting major changes in Hong Kong's existing political system; however, people well understand that Mr. Chris Patten is merely copying some of the tricks frequently used by Britain when it withdraws from a colony. His goal is to erect obstacles to the exercise of China's sovereignty over Hong Kong after 1997 so that Britain can continue to control and manipulate Hong Kong. The governor's peremptory action, which is in violation of the spirit of the Sino-British Joint Declaration, the Basic Law, and other relevant agreements between China and Britain, was immediately rejected by China and strongly opposed by far-sighted personages in all circles of Hong Kong, as it should be. Chris Patten has since thrown Hong Kong into a turbulent atmosphere. The subsequent developments have shown that Chris Patten is ignoring the interests of Hong Kong people by further aggravating the situation. On 10 November, the British authorities in Hong Kong led by him unilaterally approved the contract for container terminal no. 9, a project that will last beyond 1997. To this, Guo Fengmin, chief representative of the Chinese team of the Sino-British Joint Liaison Group [JLG], issued a statement, pointing out: According to the stipulation of Annex 2 of the Sino-British Joint Declaration, during the second half of Hong Kong's transitional period, the two sides must cooperate more closely and jointly deliberate any measures necessary for a smooth transition in 1997. The British Hong Kong authorities' decision to approve the contract for container terminal No. 9 has not been submitted to the Sino-British JLG for discussion. This is an act by the British Hong Kong authorities that violates the Sino-British Joint Declaration. If the British Hong Kong authorities cling obstinately to this course and unilaterally approve contracts with terms of validity beyond 1 July 1997, the future government of the special administrative region will not honor any of those contracts.

However, this politician, who has inherited the mantle of the British colonialists, did not change his peremptory attitude as a result of this statement. The British Hong Kong authorities again manipulated the Financial Committee of the Legislative Council to approve the contract for the airport platform preparation project and the HK\$6.699 billion [Hong Kong dollars] appropriation.

The Chinese Government has time and again expressed its agreement to build a new airport in Hong Kong, and it has hoped the new airport could be completed before 30 June 1997 with less investment and higher benefits and without leaving a financial burden on the government of the special administrative region and without increasing the taxpayers' burden. The Chinese and British sides, working on the basis of the Sino-British Joint Declaration and after numerous consultations, initialed in July 1991 the "Memorandum of Understanding on the Building of a New Airport and Other Related Issues"; however, the British side's financial plan for the new airport seriously violates the principle and stipulations of this memorandum. The greatly increased cost of the airport will incur HK\$90 billion debt to the future regional government. In addition, the British side has taken a stand of refusing to cooperate with the Chinese side. As a result, talks between the two sides on the question of overall financial arrangements for the new airport have not produced any agreement to date. Under these circumstances, ignoring the many statements by the Chinese side and the opposition of Hong Kong's public opinion, the British Hong Kong authorities went on to seek funding for the airport platform contract. This is bound to create huge waste in the project and bring about a heavy burden on Hong Kong's taxpayers. The Chinese side has solemnly declared that all consequences arising therefrom will have to be borne by the British side.

In view of the various unilateral acts taken by the British Hong Kong Government concerning the construction of the new airport and other issues, the State Council Hong Kong and Macao Affairs Office issued a statement on 30 November saying: "According to the Sino-British Joint Declaration, Britain's administrative power over Hong Kong will terminate on 30 June 1997, and it will then have no right to handle any affairs after that date. Accordingly, all contracts, leases, and agreements signed or ratified by the Hong Kong British Government will be valid until 30 June 1997."

The Hong Kong stock market has suffered a big decline over the past few days. For example, the Hang Seng index lost 433 points on 3 December. This situation was created entirely by Governor Chris Patten, who has stubbornly confronted the Chinese side. A public opinion poll conducted by Hong Kong newspapers indicated that support for Governor Chris Patten's "political reform proposal" has dropped sharply. Far-sighted personages in Hong Kong's various circles have come to criticize the man's political plot and his different acts that have undermined Hong Kong's stability and prosperity. A newspaper has raised this question: "Is this

kind of new policy conducive to (Hong Kong's) 'stability and prosperity' and its 'smooth transition?' Will it 'reassure' Hong Kong people and make them 'prosperous?'"

More and more Hong Kong personages have come to recognize that what Chris Patten—"Peng Dingkang"—has produced, and will continue to produce, are disastrous effects detrimental to Hong Kong's stability, prosperity, and smooth transition.

After all, times have changed. The games and tricks played by the British politicians and colonialists before the Chinese will not succeed today. Mr. Chris Patten has no other way out except to return to the track of the Sino-British Joint Declaration, the memorandum of understanding, and other agreements reached by the two countries.

Journal Criticizes Governor's Actions

HK0712143192 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 48, 30 Nov 92 pp 21-22

[Article by Wu Jianfan (0702 1696 3879): "Hong Kong Basic Law Brooks No Distortion"]

[Text] Hong Kong Governor Patten said in his constitutional package: "I believe that the proposals I have forwarded conform with the provisions of the Basic Law." As one of the legal workers involved in drafting the Basic Law, I have the following impression after reading his constitutional package: The whole package and the many proposals made in the package contravene the provisions and spirit of the Basic Law. In particular, the arrangements for the 1995 elections of Hong Kong Legislative Council [Legco] do not converge with the Basic Law.

Basic Law Article 68, Section 2, stipulates: "The method for forming the Legco shall be specified in light of the actual situation in the Hong Kong Special Administrative Region [SAR] and in accordance with the principle of gradual and orderly progress. The ultimate aim is the election of all the members of the Legco by universal suffrage." The formation of Legco stipulated in Annex II of the Basic Law fully embodies the spirit of Hong Kong's actual situation and gradual and orderly progress. On the one hand, it has preserved Hong Kong's existing three forms of elections in light of Hong Kong's social reality: Members returned by functional constituencies, the Election Committee, and direct elections. On the other hand, the number of members returned through direct election will increase gradually from 20 in the first term to 24 in the second term, and eventually to 30 in the third term. Meanwhile, members returned by the Election Committee will decrease from 10 in the first term to 6 in the second term and eventually to zero in the third term. For the third Legco term, only the forms of functional constituencies and direct elections will be left and the number of seats in each will account for 50 percent. The purpose of the gradual steps taken by the Basic Law for the formation of the first three terms is to maintain relative stability of the legislature election

system. The transition from Hong Kong's current status to a SAR after 1997 itself constitutes a tremendous change. The relative stability of the legislature election system in the first 10 years following the establishment of the Hong Kong SAR will be very important for the stability of Hong Kong's political system as a whole.

How, then, has Patten designed his 1995 Legco elections? During the 140 years of its rule over Hong Kong, the British Empire never thought of developing democracy in Hong Kong. It was only a decade ago when it planned to return Hong Kong back to China that it hastily introduced Legco elections. It seems that Patten is more anxious. He simply does not want to accept the method of gradual progress introduced by the Basic Law. As he dared not openly reject convergence with the Basic Law, he adopted the means of interpreting without understanding to distort the Basic Law and then impose his idea on the Basic Law. Naturally, all this will be to no avail.

In light of the provisions of the Basic Law, returning members by functional constituencies is an indirect election in which some members of Legco are returned by the corporate functional bodies. During the drafting of the Basic Law, this was the common understanding of the drafters and the Hong Kong community as well as the view of the British Government. The white and green papers on political reform issued by the Hong Kong British Government in 1984 and 1987 also agreed on this point. In the hands of Patten, however, functional constituencies have become functional sectors. In the elections for the nine new functional sectors introduced by him, some of the members of Legco are returned by all working members. This in fact means members returned by the functional sectors through direct elections, which is entirely different from members returned by the functional constituencies through indirect elections. The nature as well as purpose has changed. In the words of the Hong Kong British Government, the purpose of elections by the functional constituencies is to "draw economic and special professionals to Legco" so that they can "speak on behalf of the major Hong Kong organizations and special groups which are influential in maintaining the economic prosperity and stability of the community." As pointed out by many figures in Hong Kong's industrial and commercial circles, because of the change made by Patten, the original target cannot be achieved since the members elected by all working people usually represent the interests of the staff members rather than the trade.

According to the provisions of Annex I of the Basic Law, the Election Committee is an extensively representative organ responsible for electing the chief executive and some members of Legco. It is composed of figures from four groups: First, industrial, commercial, and financial sectors; second, the professions; third, labor, grass-roots, religious, and other sectors; and fourth, legislative members, representatives of regional groups, Hong Kong deputies to the National People's Congress [NPC], and representatives of Hong Kong members of the National

Committee of the Chinese People's Political Consultative Conference [CPPCC], each sector consisting of 200 members. Paragraph one of Section 2 of Annex II of the Basic Law stipulates that the Election Committee refers to the one provided for in Annex I of the Basic Law. Although the section also used the words "except in the case of the first Legco," it only meant that the Election Committee for the first Legco would not be stated here rather than setting up another Election Committee for the first Legco in violation of the Basic Law. Why was the Election Committee for the first Legco not stipulated here? This was because the governments of both China and Britain reached an agreement in principle on the formation of the 1995 Legco, which included the Election Committee. The Chinese side agreed that the last Hong Kong Legco formed in 1995 could conditionally transfer to the first Legco of the SAR, which was commonly interpreted as the "through train." For this reason, it was unnecessary for the Basic Law to make specific provisions on the Election Committee for the first Legco. However, Patten's understanding of this was: "The Basic Law has clearly stated that the composition of the Election Committee will not be the one as in 1999." In light of his "unique understanding" he proposed a scheme for the formation of the Election Committee, which is completely or mainly composed of directly elected district board members. Moreover, the Election Committee could elect its own members, that is, the directly elected district board members becoming members of Legco. Apparently, this is a disguised form of direct election, which is entirely different from the provisions of the Basic Law on indirect election of some Legco members by the Election Committee.

Patten's package is nothing new. During the drafting of the Basic Law, some people had made the same proposal. Through careful study, the proposal was not accepted by the drafters because they believed that the proposal did not conform to Hong Kong's actual reality and the principle of gradual progress. How can a proposal abandoned by the drafters conform to the Basic Law?

The functional constituencies, the Election Committee, and direct elections by geographical constituencies stipulated by the Basic Law are the three forms of elections which are different in nature and role. The proportion of seats returned by the three forms was also determined through careful consideration and extensively soliciting the opinions of various Hong Kong circles. According to the provisions of the Basic Law, 20 seats in the first Legco will be returned by direct elections, accounting for one-third of the total number of seats. In light of the method introduced by Patten, however, 39 seats are returned by direct elections and from a disguised form of direct elections in 1995, accounting for two-thirds of the total. As this goes beyond the limit prescribed in the Basic Law, how can it converge with the Basic Law?

To show that his proposal is important, Patten played a public opinion card, saying that Hong Kong inhabitants

want to speed up democracy. When it comes to democracy, it is the Basic Law which truly reflects and represents Hong Kong public opinion. With the participation of figures from various Hong Kong circles and through four years and eight months of repeated study and deliberations, the Basic Law, drafted jointly by mainland and Hong Kong drafters, adopted the method from top to bottom and vice versa on two occasions to finalize the version after extensively soliciting the opinions of various Hong Kong circles and relevant mainland departments. The law was finally adopted by the NPC, the highest organ of state power. The Basic Law seriously took into account the opinions of various Hong Kong circles, gave full consideration to the interests of various Hong Kong strata, and was accepted by the majority of the Hong Kong inhabitants. Even the British Government recommended it to the Hong Kong people and acknowledged the necessity of convergence with the Basic Law. Therefore, genuine public opinion lies in the election method introduced by the Basic Law.

In the form of law, the Basic Law stipulates the Chinese Government's principles and policies as well as concrete explanations regarding the question of Hong Kong, which are stated in the Sino-British Joint Declaration. It has used legal terms to specify the policy of "one country, two systems." It is also the legal guarantee for the implementation of "one country, two systems" in Hong Kong. Practices which weaken and do not respect the Basic Law will only hinder implementation of the policy of "one country, two systems." Patten's distortion of the Basic Law and his actions which contravene the provisions and spirit of the Basic Law run counter to his statement of supporting the "one country, two systems" concept.

Commentary Urges Government To Reduce Inflation

HK0812095392 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0654 GMT 7 Dec 92

[Commentary by Yu Cheng (6735 2052)]

[Text] Hong Kong, 7 Dec (ZHONGGUO TONGXUN SHE)—Hong Kong's inflation pressure has remained for four years and there are no signs of easing. This indicates that the authorities' efficiency is limited in handling this problem. We hope that the Hong Kong Government will continue to earnestly curb inflation to benefit the people.

The increase in the Consumer Price Index (CPI)-A temporarily slowed down in mid-1992, but rose to almost double digits recently. Statistics recently announced by the Hong Kong Government suggest that the CPI-A rose by 9.9 and 9.5 percent respectively in September and October this year, averaging a rate of increase as high as 9.4 percent for the first 10 months. Therefore, there is reason to believe that the annual inflation rate will be slightly higher than the Hong Kong Government's estimate. This is very heavy inflationary pressure.

Inflation is indeed one of the major problems Hong Kong has faced in the last few years. So far there are no indications of an improvement. This manifests itself in the following aspects: 1) Price indexes for Hong Kong consumer goods have increased by a wide margin in the last three years and the basic figures have remained very high, under which high growth rates continue. This situation should not be overlooked. 2) When forecasting the annual inflation rate early this year, the Hong Kong Government should have calculated in the new airport projects, which have been started one after another, but large-scale infrastructural projects need to be developed formally and consumer goods prices remain high. 3) Hong Kong's inflation rate has long been higher than other areas in Asia. This will gradually weaken its competitiveness in overseas markets.

The change in Hong Kong's socioeconomic structure is unquestionably an important factor causing Hong Kong's inflation pressure to remain heavy, but this is inevitable. And current economic development has not benefited the majority. This is greatly different from the situation in the early 1980's. As a matter of fact, Hong Kong's investments in the last few years have focused on China's southern regions, forming an external type of development. The change in economic structure has not benefited export-oriented industries or workers; instead it has worsened inflation. The relevant departments should, obviously, pay more attention to solving Hong Kong's inflation.

In the past year, pressed by society and public opinion, the Hong Kong Government has taken measures to curb inflation. One measure is to control public expenditure. But in the Hong Kong Government's revised forecast made recently, the annual increase in expenditure for public operational departments this year has unexpectedly risen from the previously estimated 4 percent to 8 percent, the highest since 1981.

The establishment of the Hospital Authority is unquestionably a factor causing the big increase in Hong Kong Government expenditure, but the increase should not be double, otherwise it will bring about heavy pressure on society. The marked increase in service costs and other price indices in the CPI indicates a market effect in which big increases in public expenditure could cause a prominent upward adjustment of taxation.

Prices of residential flats continued to rise last year. Recently, this has begun to constitute an increasingly big pressure on Hong Kong's inflation. Many residential flat contracts have expired and new contracts with new rents have to be signed. Rent adjustments in new contracts will not be low and this will stimulate inflation. In October, the housing index in the CPI-A increased at an annual rate of 15.1 percent. Hong Kong Government officials have been encouraged by a slight slowdown in the annual inflation rate, and it will be most encouraging if they can really and rationally control public expenditure.

Correction to Effects of Statement on Contracts
HK0412030092

The following corrections pertain to the item headlined "Effects of PRC Statement on Contracts, Leases" published in the 3 December China DAILY REPORT beginning on page 66: Page 67, column one, second paragraph under subhead "Chinese Side Still Takes Positive Attitude in Examining and Approving Investment," only sentence make read: ...on 1 September 1993; and 5) Hong Kong Air.... (correcting year to 1993);

Third paragraph under same subhead, only sentence make read: ...Company, in August 2016; and 4) Telecom International.... (correcting year to 2016);

Last paragraph under same subhead, only sentence make read: ...such as the Hospital Authority and the Housing Authority, these will be.... (correcting names of the two bodies).

XINHUA Correction to Liaison Group To Meet
OW0412150392

Beijing XINHUA English at 1440 GMT on 4 December transmits the following correction to the item headlined "Official Notes Liaison Group To Meet 8-10 Dec" published in the 4 December China DAILY REPORT on page 42:

Column one, last paragraph, only sentence make read: ...Chen Rongchun, representative and head of the Foreign Affairs Department of the XINHUA NEWS AGENCY Hong Kong branch, Liu Junbao, resident.... (correcting Chen's title).

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